

Central Highlands  
Regional Council

# ANNUAL REPORT

2015-2016





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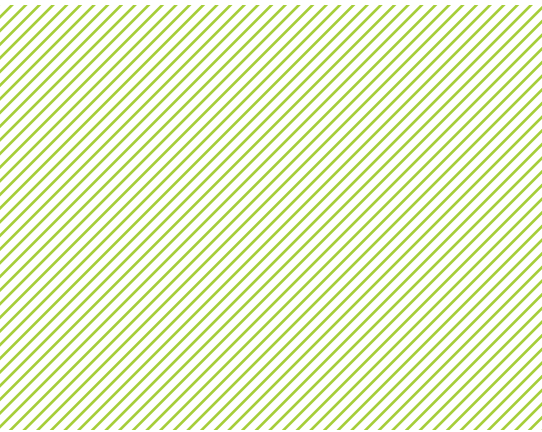
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## ABOUT OUR ANNUAL REPORT



Our 2015-16 Annual Report provides a comprehensive overview of the council's performance for the period 1 July 2015 to the 30 June 2016.

The annual report is the culmination of a reporting process that begins with the Central Highlands 2022 Community Plan, which informs the 2013-2018 Corporate Plan and guides the annual Operational Plan.

This report is divided into sections:

**About the Central Highlands** – an overview of the region, its history and demographics.

**The year in review** – a combined message from the chief executive officer and mayor along with an account of the impacts, risks and challenges the council faced in 2015-16.

**Our leaders** – an introduction to our elected representatives and executive leadership team, including a tribute to retiring mayor Peter Maguire.

**Our performance** – the highlights, performance reports, challenges and outlook for each of our seven strategic focus areas:

- Strong vibrant communities.
- Building and maintaining quality infrastructure.
- Supporting our local economy.
- Protecting our people and our environment.
- Proactive responsible leadership.
- Strong governance.
- A workplace of excellence.

### **Legislative Disclosure**

**Requirements** – information and disclosures required by the *Local Government Act 2009* and the *Local Government Regulation 2012*.

**Financial reports** – the community financial report and the 2015-16 financial statements.





# OUR COUNCIL



## OUR PHILOSOPHY

### Our Vision

Working Today – Growing Tomorrow.

### Our Mission

We will provide services and assets responsibly.





# OUR VALUES

## Innovation

We strive to build:

- an environment that encourages questions
- thinking and approaches that are flexible
- ability to think beyond the norm in order to provide service and value for our ratepayers.

## Honesty and integrity

- we are ethical and honest with our colleagues and our community
- we respect and act within statutes and legislation
- we are fair, transparent and open in our dealings with our community
- we accept accountability for our actions.

## Leadership, engagement and fair representation

- we are clear about our direction and priorities
- we provide opportunities for consultation
- we seek to understand the needs of the people we serve, in order to make balanced decisions for the overall interests of the people of the Central Highlands
- we provide timely and relevant information to our community and throughout the organisation
- we listen.

## Respect for diversity

- we treat others as we wish to be treated
- we are fair and consistent in the way we treat people.

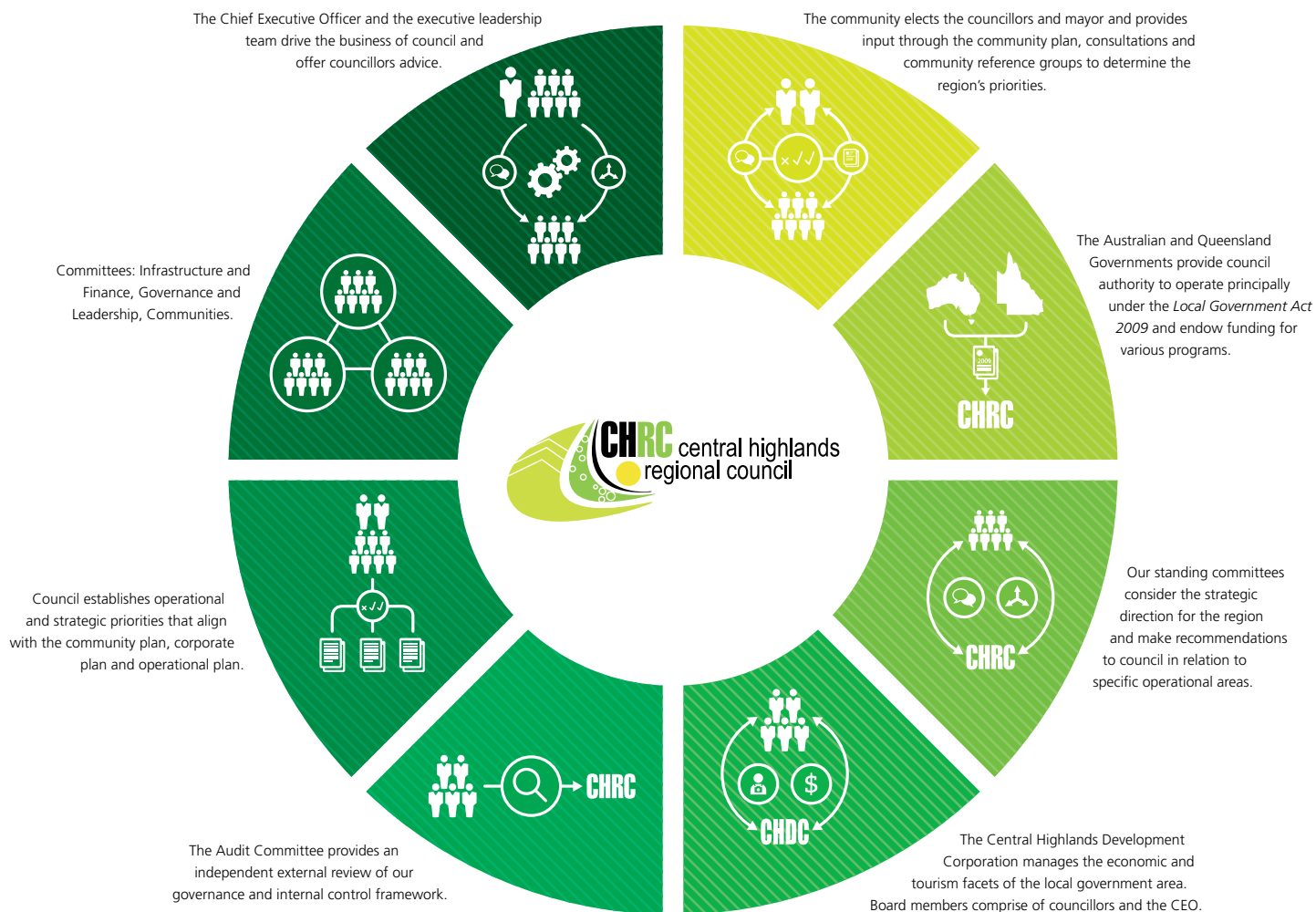
## Great customer service

- we seek and welcome feedback
- we communicate clearly and appropriately
- we follow through on the things we say we will do
- our responses to our customers' needs are friendly, timely and professional.

## Teamwork

- we work collaboratively with our community and external partners
- we are focussed on developing and maintaining positive working relationships right across the organisation
- we work collectively on common goals, share ideas and encourage collaborative thinking
- we actively seek to encourage and acknowledge great teamwork that produces great results for our community and our organisation
- when mistakes are made, we treat them as an opportunity to learn and grow.

# HOW COUNCIL WORKS



## OUR SERVICES

We offer services to around 31 000 people and 15 000 rateable properties in an area of nearly 60 000 km<sup>2</sup>.

We employ 460 staff to administer in excess of \$1.25 billion in assets, including ten library branches, six aquatic centres and seven customer service centres. We maintain 4632 kilometres of roads and numerous parks and gardens, including the impressive botanical gardens in Emerald, the linear parkland in Capella and the Japanese Gardens in Blackwater.

### A-Z of services

Advocacy	Events – Australia Day, ANZAC celebrations, commemorative and celebratory events	Roads, bridges, culverts and footpaths
Art	Flood mitigation planning	Shepton Quarry
Cemeteries	Food and personal appearance compliance and registration	Sporting and recreation areas – planning and maintenance
Community consultation	Indigenous cultural support	Sporting club support
Community grants	Information technology – support and maintenance	Stock route management
Communications – media, public relations and social media	Library services	Street lighting and signage
Community housing	Major economic project development	Streetscape and tree management
Culture – citizenship, sister city relations, heritage and history	Park and community hall bookings	Swimming pools
Customer service	Parks and gardens maintenance	Swimming pool fence safety compliance
Disaster management and planning	Pest and weed control	Tourism development – visitor information centres
Economic development – business support	Planning and building	Waste and recycling services
Emerald Airport and landing areas	Playgrounds maintenance and building	Water and wastewater management
Emerald Saleyards	Plumbing inspections	Workplace health and safety
Environmental management	Ranger services	Youth services

## OUR REGION



### The Central Highlands region is in Central Queensland, Australia

Considered a gateway to the outback, the region's central business area, Emerald, is a three-hour drive from Rockhampton on the coast and nearly 900 kilometres from Brisbane.

Our region is huge, approximately 60 000 square kilometres, which we liken to the size of Tasmania. It stretches from Arcadia Valley in the south to the Peak Ranges in the north, east from Boolburra to Bogantungan in the west.

Around 31 000 people call the Central Highlands home and they live in the thirteen communities of Arcadia Valley, Bauhinia, Blackwater, Bluff, Capella, Comet, Dingo, Duaringa, Emerald, Rolleston, Sapphire Gemfields, Springsure and Tieri.

Naturally our region is rich—in minerals, in grazing land, in dryland and irrigated agricultural land, in water from the Nogoia and Comet rivers and the Fairbairn Dam (three times the size of Sydney Harbour), in national parks and wilderness areas like Blackdown Tablelands and Carnarvon Gorge, and in gems as we claim the largest sapphire-producing fields in the Southern Hemisphere.

Travellers in big rigs and small  
abound with major freight routes

through the region that include the north-south link between Charters Towers and northern New South Wales—identified as the inland transport alternative between Cairns and Melbourne—and the Capricorn Highway leading 'grey nomads' to all points west.

This is a vibrant region with a diverse economy based on:

- A globally competitive coal mining industry.
- Robust and resilient agriculture and horticultural industries, including beef, grain, cotton, grapes, melons and citrus.
- Dynamic small to medium size businesses.
- Professional and government sectors.
- Adequate availability of commercial, industrial and residential land.
- An evolving tourism offering.
- Major health and education services.
- Significant new infrastructure and construction projects.

## Our Community

Mostly we're a young community with nearly 50% of our population aged between 20 and 49 years.

We are culturally diverse; people from New Zealand, the Philippines, South Africa and India have settled here.

Jobs in the mining sector account for one-third of our total workforce, this is followed by the construction and agricultural sectors, which each employ one-tenth of the workforce.

Despite the contraction in mining sector employment this year, the regional unemployment rate dipped below 5%, well below the state average.

More than a third of our community reside in rental accommodation, 29% have a house with a mortgage and 20% own their house outright.

## Our Neighbours

We are surrounded by the local government areas of Barcaldine Regional Council, Isaac Regional Council, Maranoa Regional Council, Banana Shire Council, Rockhampton Regional Council and the Woorabinda Aboriginal Shire Council.

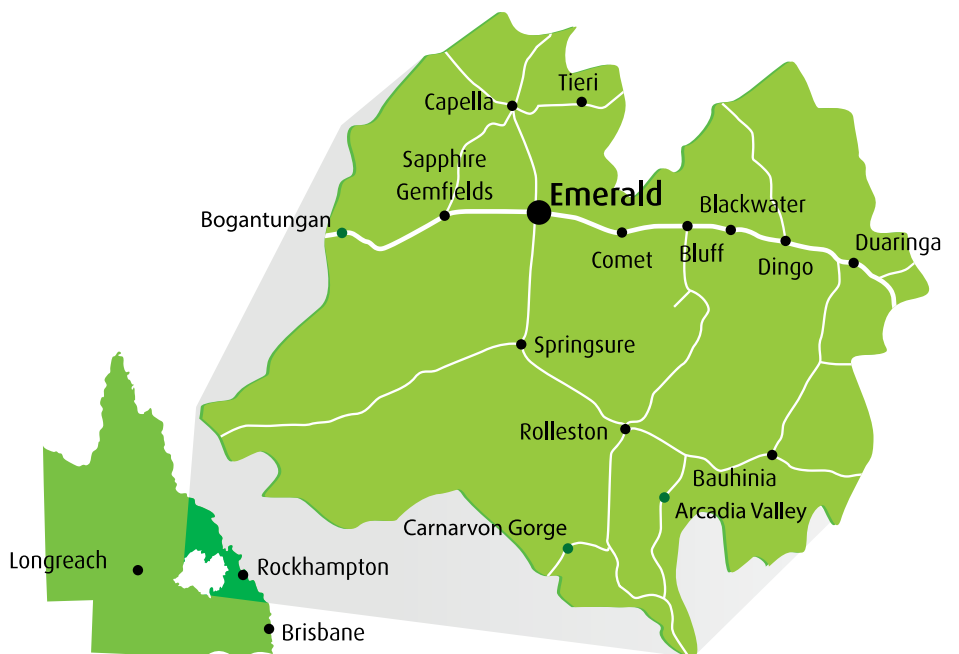
## Our History

We are proud to recognise that the Central Highlands was originally home to many indigenous people who remain the traditional custodians of these lands.

Early European settlement in the region dates from the 1850s. The first pioneers brought sheep from down south to the region. Growth continued into the late 1800s with the inland expansion of the railway line west from Rockhampton and the establishment of a number of small 'railway' towns.

Significant growth occurred in the 1950s to 1980s with the introduction of beef cattle grazing, the building of Fairbairn Dam for irrigation, and coal mining.

Today, our region is defined by the diverse prospering economies that support our unique vibrant communities.





  
**Citizen of the Year 2016**  
presented to **David and Valerie Korn**  
by **Cr Peter Maguire - Mayor  
Central Highlands Regional Council**  
signed   
date **26 January 2016**  
 Australia Day 

## CITIZEN OF THE YEAR

### Valerie and David Korn

Both Val and Dave have been involved in the Emerald Show Society for a number of years.

Before, during and after the show you'll find Val in the treasurer's box handling all the gate and bar takings and invoices and Dave on the bobcat or out coordinating the wood chopping competition.

They are involved in the local Rotary club and spend their weekends raising money at Mitre 10 with raffles and barbecues.

They are avid supporters of a range of community events, including the multicultural festival, Relay for Life and Christmas carols and every weekend Val volunteers at the aged home.

### Australia Day 2016 Award Winners

#### CITIZEN OF THE YEAR

##### **Emerald/Gemfields**

David and Valerie Korn

##### **Capella/Tieri**

Steven Campbell

##### **Blackwater/Duaringa**

Carol Finger

##### **Springsure/Rolleston**

Maria Hoare

#### YOUNG CITIZEN OF THE YEAR

##### **Emerald/Gemfields**

No nominations.

##### **Capella/Tieri**

Aileen Kinghorn

##### **Blackwater/Duaringa**

Kaitlin Rogers

##### **Springsure/Rolleston**

Chelsea Dendle

#### SENIOR SPORTS PERSON/ ADMINISTRATOR

##### **Emerald/Gemfields**

Jim Fabish

##### **Capella/Tieri**

Hannah Murphy

##### **Blackwater/Duaringa**

Lawson Nobbs

##### **Springsure/Rolleston**

Alan Powell

#### JUNIOR SPORTS PERSON

##### **Emerald/Gemfields**

Nikolas Bray

##### **Capella/Tieri**

Peyten Bridgeman

##### **Blackwater/Duaringa**

Gregory McAuliffe

##### **Springsure/Rolleston**

Holly Smith

#### CULTURAL AWARD

##### **Emerald/Gemfields**

Charmaine McKeon Parlett

##### **Capella/Tieri**

John White

##### **Blackwater/Duaringa**

No nominations.

##### **Springsure/Rolleston**

Springsure RSL Sub-branch

#### COMMUNITY EVENT OF THE YEAR

##### **Emerald/Gemfields**

Centenary of ANZAC,  
Emerald RSL Sub-branch

##### **Capella/Tieri**

Kids School Holiday Events, CTM Links

##### **Blackwater/Duaringa**

Troop Train re-enactment,  
Mary and Lester Anderson

##### **Springsure/Rolleston**

150th Springsure Show,  
Springsure Show Society

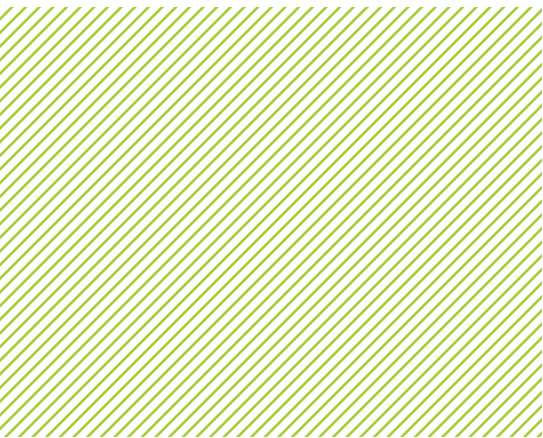




# THE YEAR IN REVIEW



## MESSAGE FROM THE MAYOR AND CEO



**Councillor Kerry Hayes**  
**Mayor**

Welcome to the 2015-16 Annual Report of the Central Highlands Regional Council.

This time twelve months ago we were preparing for a change at the helm. After nearly 30 years representing his community, Mayor Peter Maguire was preparing to step down to make way for a new mayor and fresh team of councillors. A tribute to Peter Maguire is included in this report.

Due deference is also extended to the outgoing councillors who helped guide the organisation through a period of rapid change. And we extend a warm welcome to the new council team; both returning councillors and those new to the table.



**Scott Mason**  
**CEO**

Not far into the previous council's four-year term the Central Highlands, along with a number of other coal resource-influenced regions, began a transition from lavish to lean—a change that had a profound effect on the economy of the region and this council.

We are now at the halfway mark of our five-year corporate plan, which commenced in 2013 when the outlook was plentiful. It could be said that the last twelve months was the tipping point where the emphasis on strategies that focussed on building and growth changed to sustainable management of assets; modest manageable planning for the future; and an emphasis on innovative economic diversification.

It was evident throughout the local government election campaign that the community has many expectations of its civic leaders, which include better communication, an equitable and transparent rating policy, and a demonstration of greater fiscal responsibility from their council.

As always, the challenge in contraction of spending is demonstrating value for money (rates and charges) to the community who are themselves facing shrinking incomes, asset values and opportunity.

Our steadfast commitment is to continuously work on the efficiency of our business to provide value for money for our ratepayers and improve the affordability of the region as a place to live and work.

As always, we actively seek conversations and feedback from our community through a program of quarterly councillor consultations spread throughout the region and regular interaction with the 13 community reference groups.

These events are important because they aid in the constitution of our priority actions and projects and give stimulus to our advocacy to state and federal governments for support.

Funding remains the greatest challenge to this council—indeed all local governments—and lobbying on behalf of the region for sufficient support to repair and replace current infrastructure and get projects off the ground to stimulate the economy is a significant role for elected representatives.

In the past 12 months, councillors and senior staff attended several conferences, working groups and networking opportunities all with the aim of promoting and advancing regional objectives.

While the annual report gives a concise overview of the year that was, a fundamental challenge is that of keeping the community, our peers and stakeholders informed along the way in times of diminishing use of traditional media channels and the rise in digital communication in a region with less-than-adequate technological infrastructure.

The Regional Communications Strategy the council adopted in February 2016, stage one of our new website and the uptake of some new technology for improved customer service certainly indicates that communication was a high priority for us in 2015-16.

Local buy and spend has received attention this year and we're pleased to report that \$38.2 million (40% of eligible spend) has been spent with local companies. This compares favourably with 24.3% in the 2014-2015 financial year and 35.6% in the 2013-2014 financial year.

Throughout this report we've highlighted the significant achievements from each key performance area.

Looking ahead, 2016-17 will see a consolidation of the councillor 'team' as they embrace their role in the chambers as ambassadors and influencers for the region and set an agenda to lead the organisation for the next four years.

They are steering a council that is focussed on, not only the completion of signature projects such as the new Blackwater Aquatic Centre and the sealing of the Carnarvon Gorge access road, but also pursuing government resourcing and ensuring projects are ready to start when funded that will support local business and contractors.

We expect that the year to come is to be one of renewal: in local confidence in our economy, in attention on our value as a region from government, in our commitment to business efficiency, and in our pursuit of innovation and technology.

**Kerry Hayes**  
Mayor

**Scott Mason**  
Chief Executive Officer

## Impacts and risks

The most significant impact on the region, which translates to the business of council, is population shift, which has affected the business, retail and building sectors.

Compliance with legislative requirements around related transactions has proved onerous to administer.

Weather conditions and legacy infrastructure issues have resulted in legislative compliance infractions at our water treatment plants and waste management facilities.

Flooding remains a risk in the region, particularly in Emerald. This year, council has vigorously investigated and pursued mitigation options and pushed ahead with projects within its capabilities and budget, such as extending and expanding the clearing and excavation of the Nogoia River.

## Challenges and opportunities

To address the separation of our communities through the innovative use of technology to improve communication, reduce travel and realise business efficiencies.

To promote and facilitate the support and advancement of our regional economy throughout, and despite, the cycle of both levels of government.

To re-establish our quarry, saleyards and airport as viable commercial business entities.

To recognise and take advantage of our regional diversity, particularly in the agriculture sector, to advance major economic stimulus projects such as the Central Highlands Intermodal Freight Hub and the meat works.

## Outlook for 2016-17

This year, we intend to focus on a 'blueprint for efficiency' as we continue our endeavour to become a more responsive, smarter, practical and team-oriented organisation that delivers 'value for money' to our ratepayers.

Through our project development framework we intend to scrutinise and prioritise activities that genuinely reflect the capability and capacity of our business and satisfy the expectations of the community.

By employing robust analysis and calculation, we intend to evaluate and employ a more equitable and interpretable rating system.

An interrogation of our corporate systems will result in the implementation of contemporary technology to improve customer service and communication.

A commitment to industry and government advocacy and support for the Central Highlands Development Corporation in its encouragement of growth in the local economy through business and tourism will improve confidence in regional investment.

# FINANCIAL OVERVIEW 2015-16

We have concluded the financial year in a sound financial position with sufficient money to cover our present and foreseeable future obligations.

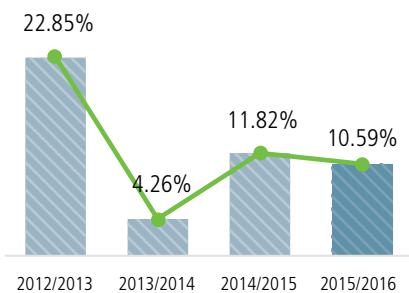
## Operating Surplus (Deficit) Ratio

The operating surplus ratio measures the extent to which revenues raised, to cover operating expenses only, are available for capital funding and other purposes.

Our operating surplus ratio of 10.59% means that we can cover all our operating expenses, including depreciation, within the acceptable levels.

We aim to maintain a surplus around the benchmark of 10%, as anything over this can disadvantage ratepayers unless it is part of strategic long-term planning.

### OPERATING SURPLUS (DEFICIT) RATIO %

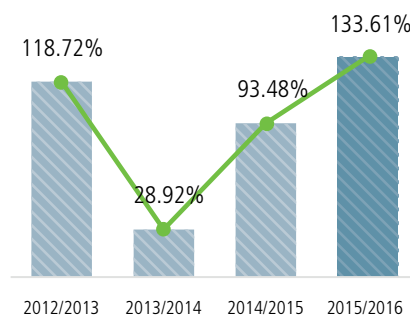


## Asset Sustainability Ratio

The asset sustainability ratio is an approximation of the extent to which the property, plant and equipment assets are being replaced as they reach the end of their useful lives.

The industry benchmark is at least 90%, and this target has been achieved in the last couple of financial years and is forecast, on average, to stay above that for the next 10 years.

### ASSET SUSTAINABILITY RATIO



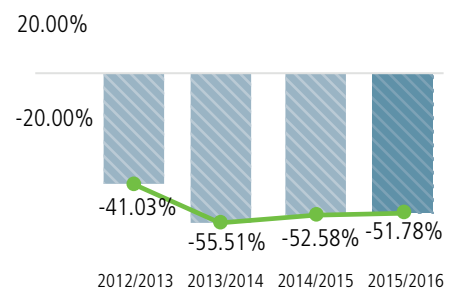
## Net Financial Liabilities Ratio

The net financial liabilities ratio determines how well-placed we are to pay our liabilities out of current operating revenue and is calculated as the value of net financial liabilities divided by operating revenue.

The ratio does not consider liability repayment periods, which include longer-term borrowings and may be misleading.

This ratio illustrates a negative position. Therefore, we have a low value of liabilities against our significant asset base.

### NET FINANCIAL LIABILITIES RATIO





# OUR LEADERS



## FAREWELL PETER MAGUIRE

In March 2016, former mayor Peter Maguire closed the door on an illustrious career in local government spanning nearly 30 years.

Back in 1988, a younger version of the fella affectionately known as 'Maggot' would have walked through the doors of the then Emerald Shire Council offices with a few ideas and an eagerness to be involved in the shaping of the community in which he grew up.

Little did he realise the length and breadth that his enthusiasm, commitment and great love for his community would reach.

From humble councillor to mayor of a significant regional local government area, Peter Maguire guided a generation—literally—through drought and flooding rains.

When asked to describe Peter his peers liberally use the words 'planner' and 'builder'. Emerald and later, following amalgamation in 2008, the Central Highlands, relied on Peter and his fellow councillors to steer them through an intense period of rapid growth due to the resources boom.

While an exciting time, it was also a period when clear thinking and good strategy were called for to ensure decisions satisfied both the short and long-term priorities of the region.

*Peter took it all in his stride with a rare blend of larrikin humour and well-intentioned irreverence.*

'There have been a lot of changes since 1988 and to watch the old Emerald Shire grow has been fascinating, to say the least,' Peter said during an interview shortly after announcing his retirement.

Not everyone could successfully juggle the demands of a growing family, a bunch of local councillors, a rapidly expanding local government business, and the vagaries of state and federal politics. But Peter took it all in his stride with a rare blend of larrikin humour and well-intentioned irreverence.



His local advocacy ensured the Central Highlands got its fair share of funding and attention from the polities for major infrastructure improvements, like the Emerald Aquatic Centre and the East Nogoia Water Treatment Plant.

Peter also took the Central Highlands to the world: fostering sister city relationships with Ichinoseki in Japan and Altona in Canada and hosting many visitors from far-flung places to give them a taste of western Queensland hospitality.

'It has been a good ride so to speak,' he said.

'Well it has been a bumpy ride at times but you work with some wonderful people from employees to councillors and a lot of different personalities.'



# CENTRAL HIGHLANDS VOTES 2016

The Central Highlands’ community went to the polls to elect their local government representatives on 19 March 2016.

It was a tightly fought contest between 22 people that nominated for eight available councillor positions and four people that nominated for the position of mayor.

All the former councillors campaigned except the sitting mayor Peter Maguire.

## Election summary

Total enrolments	16 669
Formal votes	10 695
Informal votes	475
<b>Total votes</b>	<b>11 170</b>

## Results

Candidate		Results
Christine Rolfe	New candidate	6044
Gail Nixon	Sitting councillor	6938
Charlie Brimblecombe	Sitting councillor	4697
Paul Bell	Sitting councillor	5699
Gail Godwin-Smith	Sitting councillor	6423
Alan McIndoe	New candidate	4299
Megan Daniels	New candidate	6253
David Lacey	New candidate	4561
Kerry Hayes (mayor)	New candidate	4353

The new council was sworn in on 6 April 2016 at the Emerald council chambers.



## MAYOR AND COUNCILLORS





### **Kerry Hayes** **Mayor**

Cr Hayes served three terms with the previous Emerald Shire Council from 1997 to 2008, before serving on the newly amalgamated Central Highlands Regional Council from 2008 to 2012. After a short break from local government, he was elected as mayor in March 2016. Cr Hayes has been the managing director of the Emerald Land and Cattle Company since 1988 and is a talented auctioneer. As mayor, his key focus is economic development, controlling costs, effective community engagement and improving liveability across the region. Cr Hayes has held numerous council board positions for sectors such as the saleyards, vegetation management, CBD revitalisation and planning. He was also chair of the flood recovery committees in 2008 and 2010.



### **Gail Godwin-Smith** **Deputy Mayor**

This is Cr Godwin-Smith's second term with the Central Highlands Regional Council and her first as deputy mayor. Coming from a cattle and grain property south of Rolleston, she is passionate about agriculture, natural resource management, infrastructure investment and community liveability. A graduate of the Australian Institute of Company Directors, she is a representative for the Australian Local Government Women's Association, as well as the local government board director of the Central Highlands Regional Resources Use Planning Cooperative (CHRRUP) and the Fitzroy Basin Association. Cr Godwin-Smith is also a member of the Rolleston SES, the Queensland Ambulance, AgForce Queensland and the Cattle Council of Australia.



### **Gail Nixon**

After 19 years with the Bauhinia Shire Council, 12 as mayor and eight with the Central Highlands Regional Council, Cr Nixon returns for her 28th year in local government. A born and bred Springsure local, Cr Nixon also helps manage her family's small transport and fuel business. She is chair of the Ivy Anderson Home Committee, which has raised vital funds for the assisted living complex, and director/secretary of the Central Highlands (Qld) Housing Company. She also served as deputy mayor from 2012 to 2016. Cr Nixon's interests include agriculture, health, mental health, aged care, tourism and jobs for school leavers.



### Paul Bell

Cr Bell AM has worked in local government since 1985. His career has included nine years as mayor, four as the president of the Australian Local Government Association and eight as president of the LGAQ. Cr Bell's history of board leadership includes the health, energy, rail, superannuation and community service sectors. Cr Bell is also chair of the Central Highlands Healthcare Ltd Board and the Central Queensland Health and Hospital Service, a director of the Central Highlands (Qld) Housing Company, and a director of the Queensland Police-Citizens Youth Welfare Association Board. In 2005, he was awarded an Order of Australia Medal, General Division. He has a Bachelor of Business Administration and is a member for the Australian Institute of Company Directors.



### Charlie Brimblecombe

Cr Brimblecombe has returned for his second term with the Central Highlands Regional Council. Having spent more than 40 years in the area, the Duaranga local is passionate about bringing families back to the region to build strong communities and overcome the mining sector downturn. Stemming from his experience working as a water treatment plant operator for the council and his long association with grazing and agriculture, improved infrastructure and utilities are important priorities for Cr Brimblecombe. Outside of his local government career, he is a volunteer ambulance driver, SES member, a karate teacher and a rural firefighter. He also has a passionate interest in the natural environment.



### Megan Daniels

First-term councillor and long-term local Cr Daniels brings to council a variety of skills and experience along with a deep personal connection to our region. With a Bachelor of Business – Agribusiness under her belt, Cr Daniels has accumulated a professional profile in the not-for-profit, banking and agribusiness sectors spending time working throughout Queensland and parts of the United Kingdom and East Africa. She is Emerald based with family agricultural business connections to Capella and Comet. Megan believes the Central Highlands is a great place to live and do business. Cr Daniels is an active member of her local community and is a director of the Central Highlands Science Centre, Emerald Neighbourhood Centre and Central Highlands Development Corporation and is a member of AgForce Queensland.



### Christine Rolfe

This is the first term for Cr Rolfe, who lives on a cattle property near Springsure. Christine is heavily involved in local, state and national agri-politics, holding positions such as board member of Emerald Agricultural College, immediate past president/treasurer of AgForce Queensland and past vice president of the National Farmers Federation. In her local community, she is also a member of the Springsure Aged Care Committee and has held committee positions on a number of community organisations. Christine is passionate about education, tourism, agriculture and resource sectors. She is well versed in corporate governance and is an elected member of the CQ Regional Committee of the Australian Institute of Company Directors. She is a Commissioner of Declarations and holds qualifications in business and agriculture.



### Alan McIndoe

Cr McIndoe is no stranger to the spotlight, having represented both Queensland and Australia in rugby league. But this year he pulls on a different kind of jersey, representing his community as a first-term councillor. The Emerald man has strong ties to the area, raised here from the age of two and returning after his sporting career 20 years ago. He is a project manager and small family business owner, as well as an experienced life coach and a coach for the Emerald Brothers Junior Rugby League Club. He is also the patron of the Central Highlands' Men of League Committee. Cr McIndoe is a strong advocate for community wealth and health, primary and secondary industries and building unity within the region.



### David Lacey

Cr David Lacey joins the Central Highlands Regional Council this year as a first-term councillor. Hailing from Capella, David grew up on a cattle and grain property just north of his home town before completing a diesel fitting apprenticeship in the mines. After travelling and working in rural Canada for some time, he returned to the mining industry in the Central Highlands. With a diverse background, the local business owner has a passion for the land, business, health, fitness and building the local sporting community. He has held various volunteer positions over the years, including with the local rugby union club, the Capella Community Reference Group and the Capella Scouts.

## CEO AND EXECUTIVE LEADERSHIP TEAM





**Chief Executive Officer**  
**Scott Mason**

Scott Mason commenced his local government career with Monto Shire Council in 1993. He commenced at Gayndah Shire Council as Manager – Administration/Finance in 2000, became Deputy CEO and then CEO in 2003. He served as CEO for Diamantina Shire Council from 2007 to 2013, before accepting the position of CEO for Central Highlands Regional Council. Scott is passionate about local government and was awarded the Queensland LGMA's Manager of the Year Award for Leadership and Management Excellence in 2010. He is a graduate of the Australian Applied Management Colloquium and has fulfilled roles of office for the Central Queensland LGMA. Scott has completed a Bachelor of Economics degree.



**General Manager**  
**Commercial Services**  
**Michelle Webster**

Michelle Webster has 21 years' experience in Queensland local government with five years at an executive level. She is the senior executive responsible for the strategic and operational business planning of the Emerald Saleyards, Emerald Airport, Shepton Quarry and land development. Michelle brings to the organisation qualifications in accounting, management, business and planning. She is also the holder of a Bachelor of Commerce degree; is a graduate and member of the Australian Institute of Company Directors; a board member of the Australian Livestock Markets Association; and an Associate Member of CPA Australia.



**General Manager**  
**Communities**  
**Brad Duke**

Brad has spent over 33 years in Queensland local government and across five Councils. For 19 years he was employed at the former Rockhampton City Council in a variety of positions up to Deputy CEO/Director Corporate Services and Chief Executive Officer. In his current role, Brad leads service delivery across planning, environmental services, community and customer services, parks and recreation, and community planning and engagement. He holds a Bachelor of Business (Accounting and Management) and was named a Distinguished Alumnus for the Central Queensland University in 2016. Brad is a graduate of the Australian Institute of Company Directors and a fellow of the Local Government Managers Australia.



### General Manager Corporate Services

#### Jason Bradshaw

Jason has led a productive local government career spanning more than two decades. Jason joined us in December 2015 as General Manager Corporate Services, bringing with him experience in finance, corporate governance and management. He has played a pivotal role driving organisational reform within Queensland. His current role incorporates financial services, procurement, asset management, fleet management, GIS, information communication and technology, records management and organisational development. Jason has qualifications in business and management, and is a member of CPA Australia, LGMA (QLD), Australian Institute of Management, Australian Institute of Company Directors and the Governance Institute of Australia.



### Executive Manager Governance

#### Mary-Anne Uren

Mary-Anne has been with us for five and a half years. Before her local government career she held roles in tertiary and vocational education, and human resources and training in the resources industry. In her position as Executive Manager Governance, she provides leadership and coordination of council's governance, policy, performance, risk, internal audit, safety, native title, cultural heritage and corporate communications functions. She holds a Bachelor of Business, Business Management (Legal Studies); a Diploma of HR Management; a Bachelor of Laws; and is finalising her work experience component to complete her Graduate Diploma in Legal Studies. She has also completed the Australian Institute of Directors Course and the General Manager Program at the University of New South Wales' Australian Graduate School of Management.



### General Manager Infrastructure and Utilities

#### Gerhard Joubert

Gerhard joined the Central Highlands Regional Council as General Manager Infrastructure and Utilities in January 2016. His career started in South Africa in the Department of Transport. After 10 years, he migrated to Australia and commenced a career in Queensland local government. In his current role, he is responsible for hazard mitigation, disaster management and emergency services, technical services, infrastructure services and water utilities. Gerhard has a Bachelor of Engineering Civil and is a member of the Institute of Engineers Australia, Chartered Professional Engineer, the Institute of Public Works Engineers Australia and a Registered Professional Engineer Queensland.

### Mark Lyons General Manager Corporate Services

Mark Lyons is the former General Manager Corporate Services. He spent four years with us from October 2011 to October 2015.

### Michael Parker Acting General Manager Infrastructure and Utilities

Michael Parker is the former acting General Manager Infrastructure and Utilities. He was with us from March to December 2015.

### Monica Sidhu Executive Manager Public Affairs

Monica Sidhu is the former Executive Manager Public Affairs. She was with us from February 2008 until October 2015.



# OUR PERFORMANCE



# STRONG, VIBRANT COMMUNITIES



**STRONG SOCIAL NETWORKS**

**RESPECTING OUR HERITAGE**

**ACTIVE, HEALTHY COMMUNITIES**

Credit: Kathy Hawkins

**SPORT AND RECREATION  
ARTS AND CULTURE  
YOUTH DEVELOPMENT  
COMMUNITY ENGAGEMENT  
COMMUNITY SAFETY  
LIBRARY SERVICES  
INDIGENOUS DEVELOPMENT**

### Summary of key activities

- Encourage and promote community wellbeing, including healthy and active lifestyles.
- Provide for the heritage and diverse cultures of our communities.
- Provide and maintain accessible community services and facilities that meet the needs of our diverse communities and offer value for money for all stakeholders.
- Promote love of reading and lifelong learning in the community through responsive programs, services and collections.
- Build a strong sense of community, capacity and pride through collaborative partnerships and programs.



Image supplied

## Australia Japan Friendship Park

In 2015, the Central Highlands Regional Council constructed an Australian-themed all-abilities playground in our Japanese Sister City, Ichinoseki. The project was mammoth, involving many hours of hard work by council staff in both regions, suppliers, representatives from the disability and trade sectors, and other supporting organisations.

Overcoming language barriers, cultural differences, logistics and delays, the 'barrier-free' park – dubbed the Australia Japan Friendship Park – was opened on 10 October 2015 in front of more than 170 people.

With koala and kangaroo springers, a flying fox, a wheelchair accessible swing and a digger, this playground was like nothing the Japanese people had seen before.

The project provided invaluable cross-cultural learning for council staff and suppliers, as well as an opportunity to showcase Australian products and strengthen future international trade.

As a direct result of the project, Australian company Greenplate is now looking to expand their interests into Japan, while Variety – the Children's Charity is hoping to work with their Japanese tent (branch) and YMCA Japan to install wheelchair accessible swings across the country.

The project also included the construction of barbecue facilities and a shelter at the Tategamori Hotel in Fujisawa, accommodation often used as part of our annual student exchange program.

## Highlights of 2015-16

### Youth development

Approximately 400 youth and community members participated at 13 events in 10 communities during National Youth Week in April 2016.

The youth committee in Blackwater continued to grow and currently has 30 members.

Our Youth Development Officer partnered with schools, the Police-Citizens Youth Club and organisations to host a range of activities during the school holidays

This year, 1576 youth and community members participated in more than 33 youth events including: youth leadership workshops, skate park events, movie nights, discos, laser skirmish and motivational media events.

### Cultural heritage and diversity

We hosted 26 dignitaries from the South African Central Government and representatives from the Centre for Social Research in Mining, University of Queensland and the University of Queensland International Development study tour with participants from 11 different African countries.

We built the Japan Australia Friendship Park in Ichinoseki, Japan that was officially opened on 10 October 2015.

The fifth annual kite flying event was held in 2015. The event commemorates the 11 March 2011 Great East Japan Earthquake and Tsunami.

### Indigenous development

We partnered with the indigenous community to coordinate weekly literacy and numeracy classes in Blackwater to encourage indigenous youth to be involved in study support sessions. This program averaged nine weekly classes per school term with up to 10 students per class.

Our Healthy Active Lifestyle program that encourages indigenous youth involvement in sports featured weekly touch football fun games in Blackwater throughout the 2015 football season. Each game involved up to 40 participants.

The Cohesion and Belonging Community Christmas Break-Up at the All Abilities Park in Blackwater attracted 90 people in November 2015. This event was the culmination of weekly community gatherings each Friday afternoon that attracted, on average, 20–30 people and provided a supportive space for indigenous youth to improve and model socially acceptable behaviour.

Act on Alcohol – *Lives Lived Well* workshops were held during February 2016 in Blackwater and Emerald. These workshops attracted 72 participants and brought together community members, services and agencies to discuss and identify positive solutions to collectively address alcohol issues in communities.

NAIDOC Week 2015 was celebrated in July with a number of events in Emerald, Blackwater and Duaranga. Rugby league football star Preston Campbell was a special guest during the week, which featured eight events and involved 740 people.

## Sport and recreation

The Central Highlands Sports Forum was presented in partnership with the Queensland Department of National Parks, Sport and Racing and attracted 186 participants.

We teamed with local sport and recreation organisations, health services and businesses for the Men's Health Week Roadshow 2016 held throughout the region.

Queensland Reds and Wallabies squad member Andrew Ready visited schools to promote the importance of health and physical activity to children around the region through some mini clinics.

We welcomed a successful grant through Sport and Recreation Queensland for the Springsure multipurpose clubhouse.

We were successful in our application for six grants to assist sport and recreation groups achieve new or upgraded facilities:

- Springsure - multipurpose clubhouse
- Blackwater - Hunter Street netball amenities block
- Sapphire – Roy Day Park buffer gardens
- Comet - showgrounds electrical upgrade
- Springsure - showgrounds irrigation upgrade
- Bauhinia – improved water supply to the sports complex.

## Arts and culture

The Fryer Brothers WWI Exhibition was held in the Springsure Hospital Museum for ANZAC Day to remember the four Fryer brothers that served in this campaign.

The Central Highlands Arts and Cultural Advisory Committee (CHACAC) approved Regional Arts Development Fund grants for 14 projects worth \$55 565, which included such diverse activities as woodworking, painting and patchwork workshops, circus skills training and community art projects.

The Emerald Art Gallery 2015 Art Awards were held with 210 submissions from local and interstate artists.

Arts and cultural development workshops were held that included:

- Measuring the economic value of arts and culture in your community.
- Emerald Art Gallery volunteer induction and set-up.
- Arts and Culture Collective.
- How to plan and manage a special event or festival workshop.

Throughout Arts in August a variety of cultural events, artist's workshops, gallery displays and performance art were held.



### Libraries.

The Tech Savvy Seniors program helped seniors navigate the world of digital technology.

We developed a range of children's learning programs.

The public internet kiosks and the library management system were updated.

### Community engagement

Thirteen community reference groups were established across the region. During the year, residents and councillors attended 85 CRG meetings with an average of 10 people attending each meeting.

We hosted a CRG forum in Dingo in November 2015 with 26 CRG members from 11 communities and the Regional Community Summit 2016 in Springsure in May 2016 with 32 CRG members from nine communities.

### Community grants program

In 2015-16 we received 61 applications for community grants of which 36 were successful. For the full list go to page 97.

### New citizens

The Central Highlands welcomed 83 new Australians to its community during five citizenship ceremonies this year.

Of these new citizens, 19 were children and 64 were adults.

People came from the Philippines, Zimbabwe, India, China, the United Kingdom, Nepal, Thailand, Taiwan, South Africa, Ireland, Fiji, New Zealand, Poland, Russia, Papua New Guinea and the United States of America.

More than half of our new citizens were from the Philippines and India.



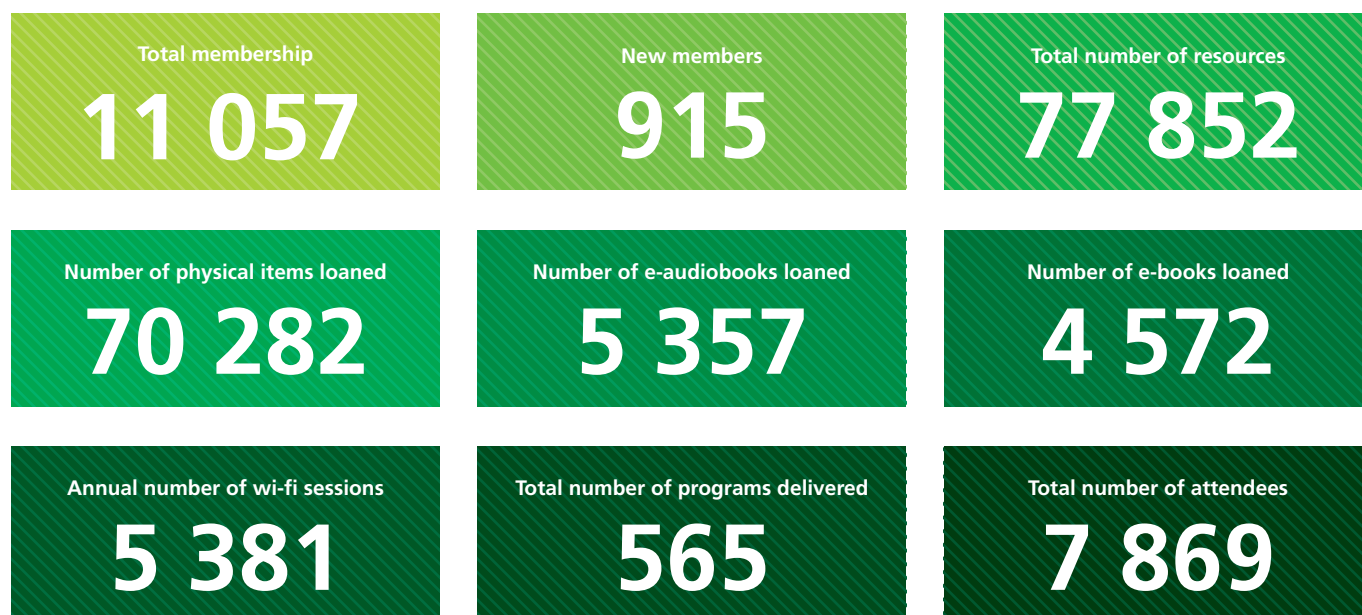
## Performance report

Activity	Target	Result		Status/Comment
<b>Youth development</b>				
Develop youth strategy incorporating policy position.	December 2015	50%	✘	Carried over to 2016-17. Project plan and draft strategy developed for consultation with council.
Report on the viability of youth councils in the region.	December 2015	0%	✘	No action to date because this depends on the policy position that council takes.
Support youth programs.	4	100%	✔	Various activities held throughout the region.
<b>Cultural heritage and diversity</b>				
Develop and implement a regional cultural heritage plan.	June 2017	15%	✘	Carried over to 2016-17. Some components of the cultural heritage plan were incorporated into the new Planning Scheme.
Develop an indigenous development strategy.	December 2015	35%	✘	Carried over to 2016-17. Project plan and draft strategy developed.
<b>Sport and recreation</b>				
Establish 100% of service levels for sporting facilities.	June 2016	50%	✘	Asset management assessments conducted on all main buildings and structures at: <ul style="list-style-type: none"> <li>• Bridgeman Park Capella</li> <li>• Capella skate park</li> <li>• Tieri No 2 Oval</li> <li>• Emerald Showgrounds</li> <li>• Springsure Showgrounds</li> <li>• Blackwater Showgrounds.</li> </ul> This project will continue in 2016-17.
Establish 50% of right of use agreements with clubs and stakeholders.	June 2016	30%	✘	Negotiations with Emerald showgrounds, Rolleston cricket and Duaringa golf club continue. Council to establish new policy direction in 2016-17.
<b>Arts and culture</b>				
Coordinate and administer the Regional Arts Development Fund.	25 applications received	100%	✔	8 applications reviewed, assessed and supported by council.
<b>Libraries</b>				
Develop and implement a <i>Libraries Strategic Plan 2016-2026</i> .	June 2016	85%	✘	A draft <i>Libraries Strategic Plan</i> was developed in late 2015-2016. This project will continue into 2016-17.
Implement recommendations of the library service level review (2-year action plan completed 30 June 2016).	April 2016	100%	✔	Initiatives implemented in 2015-2016 included development of a communications plan for libraries, development of options to refresh the libraries brand, library user surveys and relocation of the Duaringa library into the Duaringa office to create a rural transaction centre providing opportunities for efficiencies and expanded hours of service.



Activity	Target	Result	Status/Comment
<b>Community engagement</b>			
Hold CRG meetings.	35 per year	100%	✓ 85 meetings held in 2015-16.
Develop CRG action plans.	13	15%	✗ Carried over to 2016-17.
Hold general council meetings outside Emerald.	3	100%	✓ Council meetings held in Capella, Springsure and Blackwater throughout the year.
Hold councillor consultations.	5	100%	✓ Five consultations held throughout the year in the region.
Participate in community and service agency meetings.	10	100%	✓ Attended community and service agency meetings throughout the year.
<b>Community grants program</b>			
Number of community grant applications received.	70	90%	✓ 61 applications received.
Number of organisations assisted through in-kind assistance.	30	100%	✓ In-kind assistance to Big Day Outs in Bogantungan and Bauhinia and sporting clubs across the region.
<b>Community safety</b>			
Support community wellbeing through incorporation of safety initiatives.	February 2016	100%	✓ Safety initiatives and programs of other councils were benchmarked. Statistical information from the Queensland Police Service was received and a report was presented to council in April 2016.
Partner state government, non-government and community agencies to promote community safety.	2	100%	✓ Crimestoppers signage was installed at 10 public facilities. GraffitiStop program supported in November 2015. Supported events such as Domestic Violence Week to heighten awareness and promote community safety.
<b>Events</b>			
Develop an events strategy.	December 2015	20%	✗ This activity will now form part of the Central Highlands Marketing Strategy and has a budget for 2016-17.
Number of community groups and volunteers involved in the multicultural festival.	150	100%	✓ 450 personnel involved in 2015 festival. 55 community groups involved.
Publish an annual events calendar on the council website.	August 2015	100%	✓ Events calendar linked to CHRC website.

## Library statistics



## Challenges in 2015-16

A lack of strategic direction for equity in service level agreements created a challenge for the sports and recreation portfolio. A discussion paper has been prepared for the council to consider in 2016-17 looking at a more equitable approach across clubs and users region-wide.

Three positions were added to the Community Development Team during the year creating a challenge to expand the delivery of programs and services while maintaining operational momentum during the induction and transitional period for new staff.

## Outlook for 2016-2017

In the coming year we have a commitment to deliver 12 programs and activities for young people:

- A cultural heritage plan and indigenous development strategy will be completed.
- We expect to establish a new strategic direction for sport and recreation across the region based on a 'level playing field' concept.
- Complete the construction of the Springsure multipurpose clubhouse.
- Roll-out of the capital investment program with regional sport and recreation groups.
- Focus on grant opportunities and partnerships with sport and recreation groups.
- Construction of historic landmark signs at Rewan and Bogantungan.
- Increase number of programs at each library branch such as, Colouring In, Storytime, Rhyme Time, Robotics Club, Tech Savvy Seniors, digital literacy and develop school holiday programs.
- Review opening hours at all library branches.
- Deliver a higher quality service to Bauhinia Downs sub-branch operating from the community hall.
- Extend libraries' marketing reach through e-newsletters and social media.
- We expect to attract 60 applications for community grants in 2016-17.
- Community safety initiatives to be investigated in 2016-17 include additional signage at public facilities and the potential for enhanced video surveillance of some public areas.



## Annette Bush

### COMMUNITY DEVELOPMENT OFFICER

My name is Annette Bush and I am a Community Development Officer with council – a role which enables me to connect with people of all different backgrounds, ages and cultures.

Part of my work involves assisting with the coordination of our Sister City agreement with Ichinoseki City Council in Japan. This is one of the things I love most about my job. Each year, I help to organise the student exchange program and mayoral delegation visits, as well as continue to strengthen our unique relationship.

On a more local level, this year I was given the opportunity to lead and facilitate the

initial round of Community Reference Group (CRG) meetings across the eastern areas of the region.

I was very interested to discover the dynamic and diverse nature of the many communities that make up our local government region. Through this process I have learnt that each community has its own identity, strengths, needs and goals.

With my continued involvement in the CRGs, I can see the benefit and future reward of having established these groups through the long term community planning processes supported by council.

# BUILDING AND MAINTAINING QUALITY INFRASTRUCTURE

BUILDING AND MAINTAINING QUALITY INFRASTRUCTURE

WELL CONNECTED. WELL SERVICED. WELL PLANNED.



**WATER UTILITIES**  
**OPEN SPACES AND STREETSCAPES**  
**WASTE AND RECYCLING**  
**COMMUNITY HOUSING**  
**PARKS AND GARDENS**

## Summary of key activities

- Plan and deliver infrastructure that aligns with the aspirations of the Central Highland's community as outlined in the CH2022 Community Plan and other strategic plans for council and key stakeholders including state and federal governments.
- Plan, manage and maintain transport infrastructure to improve quality and safety.
- Provide and maintain well-planned, sustainable community assets to meet the needs of our community.

## Highlights of 2015-16

### Transport infrastructure

Successfully administered the delivery of \$10 million in restoration works on the road network under the Natural Disaster Relief and Recovery Arrangements (NDRRA) using contract delivery and working proactively with the Queensland Reconstruction Authority.

Delivered Queensland Department of Transport and Main Roads-funded projects including 13 kilometres of pave and seal works on the Blackwater Rolleston Road, five kilometres of pave and seal works on the Springsure Tambo Road and delivered \$1.906 million of NDRRA works on their network.

Constructed 14.25 kilometres of pave and seal on the Arcadia Valley Road working in conjunction with Origin Energy.

Continued to lobby government to upgrade key state government assets particularly Springsure-Tambo, Blackwater-Rolleston, Duaringa-Bauhinia and Bauhinia-Taroom roads.

Completed all allocated projects under the government's Transport Infrastructure Development Scheme (TIDS), Roads to Recovery (R2R) and Blackspot programs and developed a ten-year funded capital investment program.

### Water utilities

The Springsure Sewage Treatment Plant was upgraded with the installation of a new disinfection system consisting of chlorine contact tanks prior to the effluent lagoon to enable compliance with environmental authority discharge conditions.

A detailed design was commissioned for the upgrade to the Black Gully Sewage Treatment Plant to enable compliance with discharge standards and to allow for future population growth in Emerald.

Drinking water quality plans for all towns were submitted to the Department of Energy and Water Supply in June 2016.

### Parks and gardens

We commenced the strategic review of the *Open Space and Recreation Plan* with a focus on parks, sport and recreation and walking cycling networks.

Council has embarked on a number of initiatives in parks and gardens identified by the community reference groups.



## Blackwater Water Treatment Plant Upgrade

The Blackwater Water Treatment Plant received a \$2.8 million upgrade to remove manganese and organic matter from the incoming water to improve the water colour, problems with taste, and odour due to manganese resolubilising in the reticulation system.

The work undertaken at the plant included: adding a new contact tank for dosing potassium permanganate (manganese removal) and powdered activated carbon

(removal of organic compounds); upgrade of the chemical dosing systems; and replacement of the sand filter media with a dual media of sand and coal.

The floors of the four oldest filters were replaced and the plant modernised with an upgrade to the control system.

During the last summer, the plant has been successfully removing manganese from the raw water.



## Performance report

Activity	Target	Result		Status/Comment
<b>Roads</b>				
Develop a 3-year capital works program for roads.	December 2015	100%	✓	Program developed and endorsed by council.
Deliver the roads and capital works program.	June 2016	90%	✓	Reached a target of 90% of roads capital works completed.
Study on connection roads to Yamala.	November 2015	50%	✗	Decision made to alter project scope to an options study. Tender for the study was awarded to SMEC Australia Pty Limited and due August 2016.
Shovel ready projects nominated by council.	May 2016	100%	✓	Received state government funding for the upgrade of Carnarvon Gorge Road.
Advocate for further investment by state government on critical state roads.	June 2016	100%	✓	Successful in obtaining funding from TMR to upgrade sections of the Blackwater – Rolleston and Springsure-Tambo Roads and a further \$895K in TIDS funding secured for the Blackwater Rolleston Road in 2016-17.
Advocate for state government report on rail by-pass options for Emerald.	May 2016	100%	✓	TMR Emerald area transport study completed.
Collaborate with resource industry to improve roads in tenement areas prior to field development.	May 2016	75%	✗	Infrastructure agreement issued. Yet to be resolved to the satisfaction of all parties.
Completion of TIDS and R2R projects.	Practical and physical completion of nominated projects.	100%	✓	Comet River TIDS \$284 000 Buckland Road R2R \$610 844 Arthur Street, Blackwater R2R \$1.37M Sagittarius Street R2R \$495 000
<b>Water utilities</b>				
Secure alternative options for urban water supply.	June 2016	75%	✗	Continuing to work with the Queensland Department of Energy and Water Supply on a regional water supply assessment.
Meet environmental outcomes for critical assets and community infrastructure demands.	March 2016	85%	✗	Detailed design for Black Gully Waste Water Treatment Plant expected to be completed in August 2016. Transitional Environmental Program approved for Blackwater Sewerage Treatment Plant for the implementation of additional irrigation areas.
Complete regional drinking water quality management plans.	November 2015	100%	✓	Plans submitted to the Department of Energy and Water Supply in June 2016.



Activity	Target	Result		Status/Comment
<b>Waste and recycling</b>				
Adopt recycling plan.	February 2016	100%	✓	Adopted by council 24 February 2016.
Investigate new waste disposal site.	May 2016	90%	✓	Presented to council on 28 June 2016.
Investigate options for regional kerbside waste collection.	December 2015	100%	✓	Kerbside collection investigated across region. Preliminary investigations have begun into supplying a kerbside service to Sapphire and Rubyvale.
Manage council owned landfills and transfer stations in an environmentally responsible manner.	Ongoing	80%	✗	Approval non-compliances identified by EHP at Lochlees, Blackwater and Springsure landfills associated with historical landfill practices: lack of buffer zones, inappropriate stormwater management and litter control. We have implemented a program of capital and operational improvements over the next three years to improve landfill operations or to replace landfills with waste transfer stations.
<b>Community housing</b>				
Prepare CHRC housing strategy	September 2015	100%	✓	Adopted in principle and referred to Central Highlands Housing Company in June 2016.
<b>Parks and gardens</b>				
Review open space and recreation plan for consistency with the LGIP.	June 2016	100%	✓	LGIP reviewed and expenditure in this plan reduced.
Enhance and improve town entrances and streetscapes.	Install Dingo town entrance sign by June 2016.	100%	✓	Completed.

## Challenges for 2015-16

A significant challenge in the water utilities area was the difficulty in recruiting senior engineers and managers to the team. To address the issue, we appointed short-term project managers to progress the capital works projects that were behind schedule.

The capital works program was not fully delivered during this year due to insufficient planning. A project delivery framework was developed to ensure more robust planning in the future.

Excessive rainfall events resulted in stormwater overflows from two landfill sites at Emerald (Lochlees) and

Blackwater. We are working with the EHP to improve stormwater containment at both sites with a program of works to update stormwater ponds and improve stormwater drainage by the end of 2016.

The funding levels in the *Local Government Infrastructure Plan* for parks and gardens and sport and recreational facilities in the region were found to be unrealistic in terms of expenditure. While significant expenditure was removed from this plan, further assessment is required to align with the reviewed *Open Space and Recreation Plan*.

## Outlook for 2016-17

Several projects are planned for 2016-17 including; investigating improvements to the Sapphire Gemfields road network and completion of the upgrade of the Carnarvon Gorge Road.

Our 10-year road capital investment strategy will be revised and we will work closely with the Bowen Basin Roads and Transport Group to expand joint procurement opportunities.

The upgrade of the Black Gully Waste Water Treatment Plant will commence.

We will collaborate with the Department of Energy and Water to undertake a regional water supply security assessment for Emerald.

Receiving environment monitoring programs will be implemented during the 2016-17 wet season for EHP compliance.

Ground water monitoring systems will be installed at major landfill sites.

We will develop closure, capping and rehabilitation plans for closed landfills at Duaringa, Bluff and Bogantungan.

A landfill development and management plan will be developed for Blackwater and Tieri landfills.

Stormwater management plans will be drafted for Lochlees and Blackwater landfill sites.

A new transfer station will be constructed at the Springsure waste management facility.

We will finish construction of a new waste containment cell at Lochlees landfill.

## Water consumption statistics

Location	Total water consumption (kL)	Usage (L/P/D)	Population
Anakie	168 157	797	98
Bauhinia*	10 091	1103	25
Blackwater/Bluff	1 827 557	915	5460
Capella	278 190	809	939
Comet	38 913	695	153
Dingo	47 573	643	202
Duaringa	105 840	1083	267
Emerald	2 548 227	468	14 873
Rolleston	31 932	313	279
Sapphire/Rubyvale	158 154	371	1165
Springsure	287 112	831	944
Tieri	561 183	897	1710

\* One month of data extrapolated



## Glenn Spires

### ROAD NETWORK OVERSEER

I'm Glenn Spires and I'm the road network overseer. As the title suggests, I travel all over the region managing the state government's road network maintenance.

I enjoy liaising with all levels of infrastructure staff to record, prioritise and fix a vast array of bitumen and unsealed road failures under the road maintenance performance contract with the Queensland Government. I help to manage larger construction jobs while reporting to the Department of Transport and Main Roads (TMR).

The challenge is making our yearly contract funding with TMR stretch across the entire

network. Changing weather conditions and traffic movements, keeping up with the latest construction methodologies and conforming to stringent specifications can be tough, but we always get the job done.

A highlight this year was using new software that enables us to electronically log all TMR road failures on the bitumen running surfaces and underlying pavements, as well as the numerous things that go wrong on gravel roads. The software captures and stores the information faster and more accurately than before so we can be more confident with our reporting and monthly claims.

## SUPPORTING OUR LOCAL ECONOMY

### Central Highlands Development Corporation

The Central Highlands Development Corporation (CHDC) is the lead agency to deliver the council's economic and tourism portfolios. The corporation facilitates a wide range of projects and initiatives to support business, industry, government and community sectors.

### Summary of key activities

#### ECONOMIC DEVELOPMENT—TOURISM

- Facilitate networks and partnership between local business, industry groups and government.
- Develop opportunities to market the Central Highlands as a great place to visit.
- Support opportunities for existing and emerging industries and businesses to consolidate and grow.
- Implementation of the Central Highlands Marketing Strategy.
- Facilitation of development through investment attraction and major projects.

FACILITATE OPPORTUNITIES

ADVOCATE FOR THE REGION



## CHDC Board

<b>July 2015 – June 2016</b>	Councillor Gail Nixon Councillor Peter Maguire Mr Scott Mason
<b>July 2016 – June 2017</b>	Councillor Megan Daniels Councillor Christine Rolfe Councillor David Lacey Councillor Kerry Hayes (Chair) Mr Scott Mason (Secretary)

## The 6 CHDC Goals

1. Advocate for sustainable regional and economic growth.
2. Proactively market and promote the Central Highlands as a 'region of choice'.
3. Enhance workforce development.
4. Support business development, innovation and capacity.
5. Support community organisations to develop skills and knowledge.
6. Sustain, refresh and grow our organisation.

## Highlights for 2015-16

- Approval of the CHDC terms of reference and three-year service level agreement and key performance indicators.
- Delivery of the Central Highlands Business Excellence Awards culminating in the presentations at a Gala Dinner in October 2015. The Awards are an opportunity to showcase the diversity and high standards of the region's business community.
- The Central Highlands Multicultural Festival is a celebration of tastes, sights and entertainment from around the world. A free event held annually in August, this year's event provided the opportunity for more than 7000 people to come together in an atmosphere of a 'global village' to celebrate the cultural diversity of the region.
- Distribution of 7000 foldout brochures *101 things to do in Queensland's Sandstone Wilderness and Sapphire Country*. The Central Highlands marketing initiative is a pay-it-forward joint strategy with tourism operators and business to promote things to see and do and encourage travellers to stay longer to experience the region.
- Incorporation of the REMPLAN platform on the CHDC website to provide public access to regional economic and community data. This resource provides data and statistical information that supports market research and facilitates accurate information for strategic planning and grant applications. The recent incorporation of the investment profile page reflects current major project and development activity in addition to investment and project information.



Image supplied: Central Highlands Development Corporation

## Central Highlands Multicultural Festival

The Central Highlands Multicultural Festival brings everyone together to celebrate the region's cultural diversity and promote multiculturalism in the community.

Above all, the festival provides the opportunity to embrace common values through the sharing of great food, music and entertainment.

Since its inception in 2005, the festival has gone from strength to strength with this year's event attracting more than 7000 people.

This is a signature event in the Central Highlands with funding and sponsorship required to support its delivery. BHP Billiton has been the major sponsor since its inception, however this is the final year of its involvement, throwing the event open to other corporate sponsorship and investment.

As a not-for-profit organisation, the Central Highlands Development Corporation is dependent on project funding and corporate sponsorship and support delivery of projects, events, activities and research.

## Performance report

Activity	Target	Result	Status/Comment
Provide support for CHDC.	100	100%	✓ \$897 000 paid to CHDC in August 2015.
Facilitate the development of a Central Highlands Sustainability and Economic Master Plan.	Finalised by December 2016.	10%	✗ Central Highlands Economic Development Strategy 2013-2016 – final report provided. Project Funding - \$70 000 budget approved for the development of the CH Economic Masterplan in 2016-17.
<b>Tourism</b>			
Attend caravan and camping shows.	6	100%	✓ Attended Brisbane and Sydney caravan and camping shows. Gemfest trade stall, recreation and travel expo (Emerald), trade delegation to Roma, destination leadership program to the Southern Great Barrier Reef.
Develop MOU with Capricorn Enterprise.	September 2015	100%	✓ MOU between CHRC and Capricorn Enterprise signed on 17 September 2015.
Deliver stage 1 of tourism strategy.	June 2016	100%	✓ Projects completed include: Traveller Overnight Stays Strategy, <i>101 things to do in Qld's Sandstone Wilderness and Sapphire Country</i> promotion, Capricorn Enterprise Visitor Guide, attendance at Capricorn Enterprise board and tourism committee meetings, refit of tourism information at Emerald Airport, commencement of walking tours in Emerald, Sapphire Gemfields treasure map operator accreditation for Sandstone Sapphire Express (bus), tourism column in CQ News, Discover the Central Highlands Facebook page, Great Inland Way signage and imagery, Emerald Dragon installation assistance.
Progress Sandstone Wilderness Project.	June 2016	100%	✓ Workshop facilitated in October 2015 with neighbouring councils on how to partner Sandstone Wilderness project, tourism column in CQ News.
Fund destination tourism marketing.	June 2016	100%	✓ CHRC commitment of \$50 000 paid to Capricorn Enterprise towards destination marketing activities.
<b>Economic development</b>			
Establish first point of contact service for development opportunity queries.	December 2015	100%	✓ General Manager CHDC and Regional Development Officer identified as first point of contact.
Publish statistical data in a regional economic profile.	December 2015	100%	✓ Released <i>2016 Economic Profile</i> in March 2016. REMPLAN online economic and community data implemented.
Registration of businesses in local directories.	716	100%	✓ 737 businesses registered on business directories. 671 business on panels in council's central supplier register.
Registration of businesses to receive tender details online.	540	100%	✓ 18 596 businesses registered to receive tender information online.



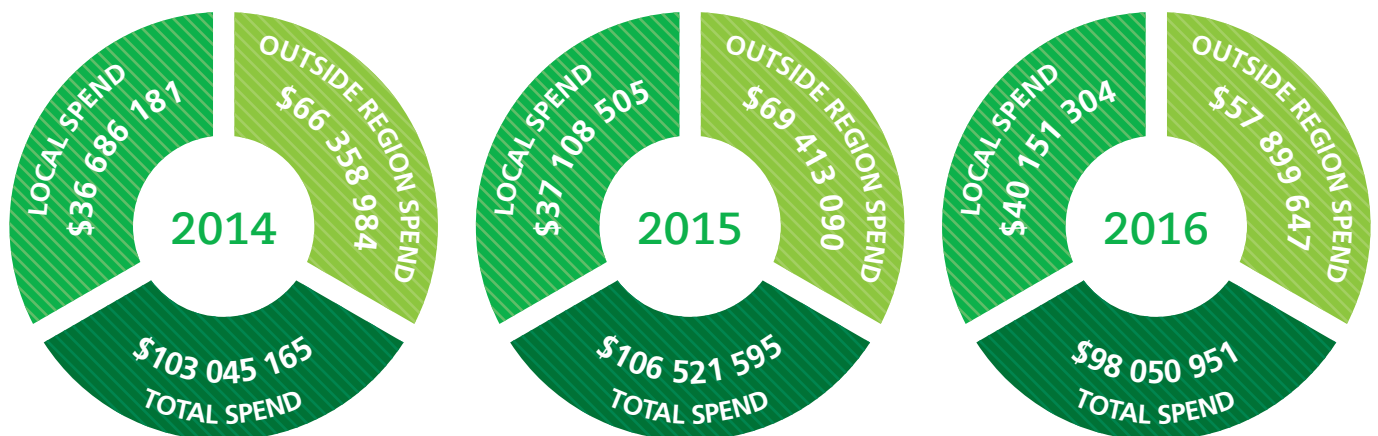
Activity	Target	Result	Status/Comment
Increase number of local businesses procuring council work and winning tenders.	>5%	100%	✓ Procurement forum held March 2016. Procurement opportunities promoted through CHDC e-news and tenders through subscriptions to Cordells and other relevant bodies. Council tenders included in fortnightly e-tender alert. Joint statement of commitment developed and delivered.
Grant submissions.	June 2016	100%	✓ Developed partnerships for funding. 31 applications for funding were completed to the value of \$24 036 856. 19 applications successful - \$11 872 175. 8 applications pending - \$12 044 625. 4 applications unsuccessful - \$120 056.
Complete Central Highlands' economic development strategy.	2013 to present	100%	✓ To be finalised by November 2016.
Investigate options for shared service model.	June 2016	100%	✓ This activity to become part of the agenda of the CQROC. Council represented by mayor and deputy mayor in 2016-17.
Present report on CHDC operations to council.	Monthly	100%	✓ Monthly reports presented to general council meetings.
Review CHDC service level agreement annually.	June 2016	100%	✓ Three-year service level agreement adopted by council 23 September 2015.
Advocate for funding and support for priority projects.	June 2016	100%	✓ CHDC and council collaborated to market and advocate for: Central Highlands Agricultural Precinct. Central Highlands Meat Processing Plant. Central Highlands Oilseed and Grain Processing Facility. CQ Inland Industrial Hub. Additional projects that CHDC market and support include Emerald Medical Village and the Paringa feedlot and biodeisel plant. \$10.78M funding was secured to support regional projects. An advocacy document, <i>Central Highlands Towards 2020</i> , was developed to profile regional projects during the 2016 federal election.
Advocate for funding and support for water conservation and storage projects.	June 2016	100%	✓ Continued support for Growing Central Queensland initiative throughout the year. Briefing to Queensland Government's Deputy Director-General Infrastructure Management in March 2016.

## Local buy and supply

Supporting our local economy and small business is important to us and throughout the year CHDC has conducted a number of small business workshops and breakfast sessions to encourage and inform business owners in the region.

We have also held a number of pre and post tender briefings with local suppliers and contractors to assist them to navigate the local government tender process.

### Our local spend



### Statistics

#### EMERALD VISITOR INFORMATION CENTRE

- Open 363 days per year supported by 16 volunteers.
- 2015-16 visitors – 28 189 (increase of 27% from 2014-15).
- 6 500 visitor guides distributed.
- 7 000 *101 Things to See and Do* guides distributed.

#### BUSINESS SUPPORT

- 315 business visits throughout the region.
- 108 business support meetings.
- 77 stakeholder meetings.
- 26 workshops run to support business skilling.
- 739 listings in the business directory.
- 256 emails sent to new businesses.
- 603 subscribers to tenders online.
- 1553 subscribers to CHDC e-news.

#### DEVELOPMENT REGISTER

- More than \$9 billion in projects across the region are listed.

#### Outlook for 2016-17

CHDC will deliver regional development, agriculture, tourism and resources projects in accordance with the key performance indicators in the service level agreement adopted in 2015.

## PROTECTING OUR PEOPLE AND ENVIRONMENT

PLANNING AND DEVELOPMENT  
 ENVIRONMENTAL SERVICES  
 RANGER SERVICES  
 DISASTER MANAGEMENT  
 ENERGY EFFICIENCY PROGRAM

### Summary of key activities

- Continue to provide and improve development processes to support continued and sustained growth for future generations.
- Support the region's growth through integrated, well-planned development.
- Develop and implement strategies to improve, promote and adopt sustainable environmental practices in partnership with the community and relevant stakeholders.
- Develop and deliver initiatives to mitigate, prevent, prepare for, respond and recover from disasters.



## Highlights of 2015-16

### Planning and development

The number of planning enquiries increased despite development activity being relatively subdued.

Approximately \$900 000 of developer contributions were received to extend trunk infrastructure.

Onsite sewerage systems were inspected to ensure legislative compliance.

The Development Assessment Team contributed to a business improvement project to upgrade the *Authority* software.

The first suite of amendments to the planning scheme were approved for public notification by the Queensland Government's Minister for Planning.

### Environmental services

Conducted a food safety presentation to 15 multicultural festival stallholders.

Evaluated the drinking water sampling program resulting in reduced sampling parameters and improved cost effectiveness.

### Ranger services

The stock route water facility at Expedition was upgraded to a solar pump system.

The stock route water facility at Three Gums was fenced.

The Rubyvale, Sapphire and Scrub Lead miner's common was destocked in October 2015 to allow the pasture and soil condition to recover. New procedures surrounding the agistment and how applications would be processed were developed.

Upgrades to the Blackwater, Emerald and Capella animal management centres to improve access, animal welfare and disease management.

Flying fox dispersal conducted in Duaringa in October 2015.

### Disaster management

The New Street evacuation route works are well underway with the relocation of water and sewer assets and the commencement of road works.

Tenders for the excavation of sites along the Nogoa River closed.

A business case is being prepared for the Emerald Flood Protection Scheme Project.

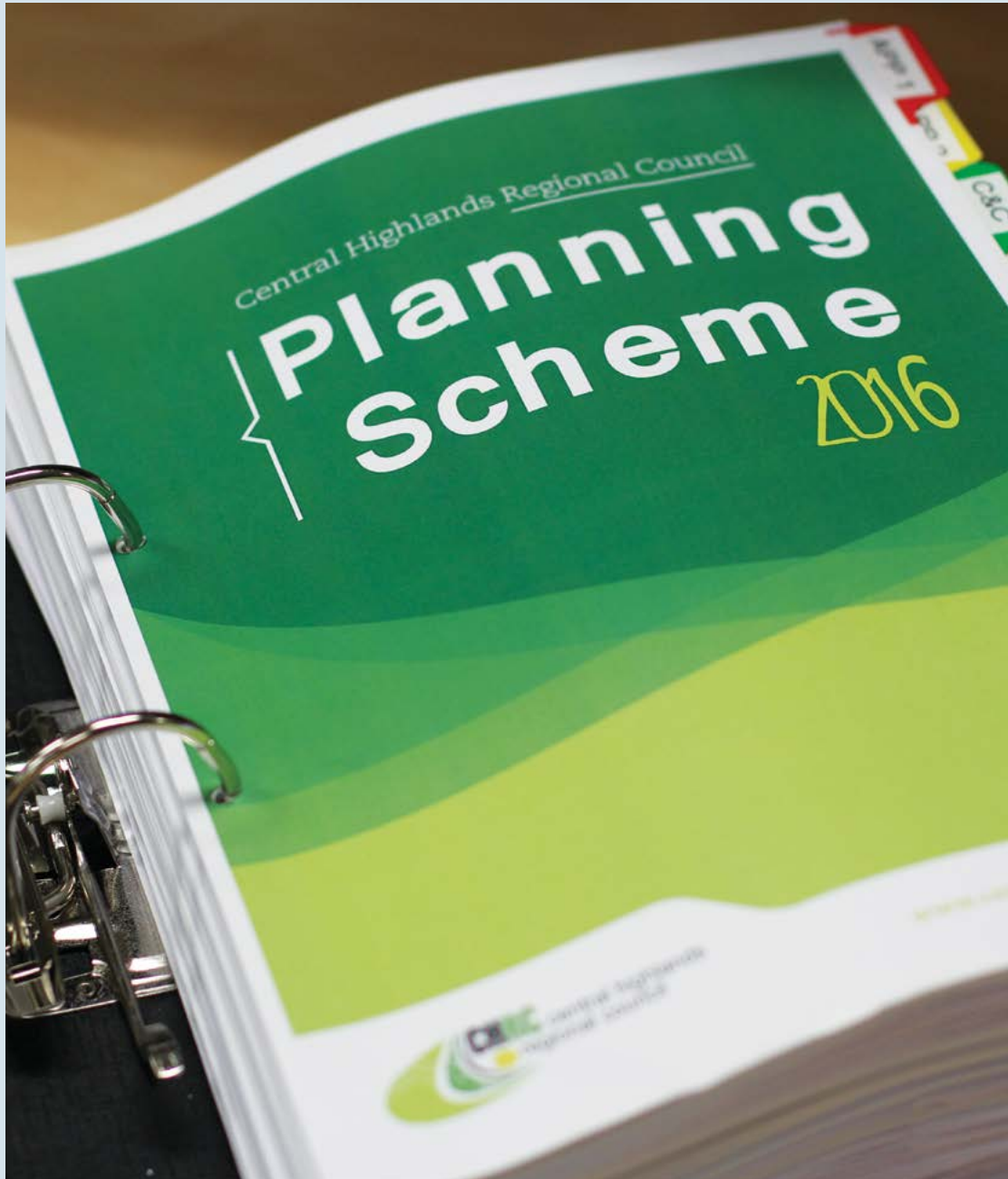
### Energy efficiency program

Implemented lighting upgrade for Blackwater council office.

Installed energy efficient solar system for Emerald Aquatic Centre.

Applied Infra-Cool technology to the PCYC indoor stadium.

Undertook electricity tariff reviews for all community facilities.



Credit: Kara Paradies

## New Planning Scheme

The new Central Highlands Regional Council Planning Scheme was adopted on 24 February 2016. This key policy document is dynamic and evolving as it guides the way land, buildings and structures are used and developed in the Central Highlands and makes sure the right development happens in the right locations.

The scheme also plans for infrastructure networks: road, parks, water, sewerage and stormwater drainage, to support growth and create a more diversified economy while continuing to protect our region's values and way of life into the future.

## Performance report

Activity	Target	Result	Status/Comment
Streamlined assessment of low risk applications.	December 2015	100%	✓ Completed an internal service agreement with other departments to streamline statutory processes.
Implement a formal pre-lodgement process.	September 2015	100%	✓ Completed arrangements for formal pre-lodgement meetings for development applications.
Adoption of new Central Highlands Planning Scheme.	September 2015	100%	✓ New CHRC Planning Scheme adopted 24 February 2016 and published in the Queensland Government Gazette 4 March 2016.
Review of fees and charges for planning and development.	March 2016	100%	✓ Completed and reflected in 2016-17 fees and charges schedule.
Planning Scheme Amendment #11	June 2016	100%	✓ Adopted February 2016
Online accessible planning scheme.	June 2016	80%	✗ Carried over to 2016-17 due to corporate IT system issues.
Development of amended Planning Scheme to incorporate a revised LGIP.	Commence preparation by June 2016.	100%	✓ Public notification undertaken and submissions under review.
<b>Environmental services</b>			
Develop and implement Area Pest Management Plan.	October 2015	100%	✓ Adopted by council 16 October 2015.
Develop and implement Stock Route Network Management Plan.	October 2015	100%	✓ Adopted by council on the 28 October 2015.
Baseline weed survey conducted within primary and secondary stock routes.	Summer 2016	100%	✓ Weed survey conducted. Pest plants identified and mapped.
Gravel pit compliance audit.	March 2016	100%	✓ All gravel pits compliant.
<b>Disaster management</b>			
Budget allocation for appropriate flood mitigation strategies.	November 2015	100%	✓ Budget allocation approved for mitigation strategies.
<b>Energy efficiency program</b>			
Implement energy efficiency initiatives	December 2015	100%	✓ Upgrade lighting in the Blackwater council office to LED lighting, providing an estimated saving of 30% of lighting costs, applied Infra-Cool technology to the Police Youth Citizens Club Indoor Stadium at Borilla Street, Emerald to reduce temperatures by 8-12 degrees, and installed a 60kW solar system at the Emerald Aquatic Centre to reduce utility costs by approximately \$40 000 per annum. Tariff reviews were also undertaken to reduce operating costs for other community facilities.
Implement energy efficiency strategy	December 2015	75%	✗ Strategy completed 15 May 2015. Awaiting review prior to implementation.

### Outlook for 2016-2017

- The council will resume responsibility for assessment of development applications in the Blackwater and Blackwater East priority development areas under delegated authority from Economic Development Queensland.
- Authorised inspection programs will be undertaken in a number of areas, including extractive industry operations and plumbing connections, to ensure legislative and public safety compliance.
- Further amendments will be made to the Central Highlands Planning Scheme to improve flood provisions and align the scheme with the new *Planning Act 2016*.
- Systemic inspection program to be undertaken for both *Animal Management (Cats and Dogs) Act 2008* and *Local Government Act 2009* (Local Laws) from September 2016.
- Council to adopt and implement flying fox management plan.
- Flying fox dispersal in Duinga during October/November 2016.
- Commence Fernlees camping and water reserve weed survey and management project.
- Complete Willows cactus weed management project.
- Development of alternative disposal options for treatment of effluent from sewerage treatment plants across the region.
- Meet our environmental obligations for the treatment and disposal of wastewater.
- Develop effective disaster community preparedness and evacuation plans for high risk communities.
- Energy efficiency initiatives will be monitored and assessed to determine suitability for application in other locations across the region.
- A solar energy system will be installed at the new Blackwater Aquatic Centre.
- Energy efficiency projects for high energy use facilities will be scoped.

### Development statistics

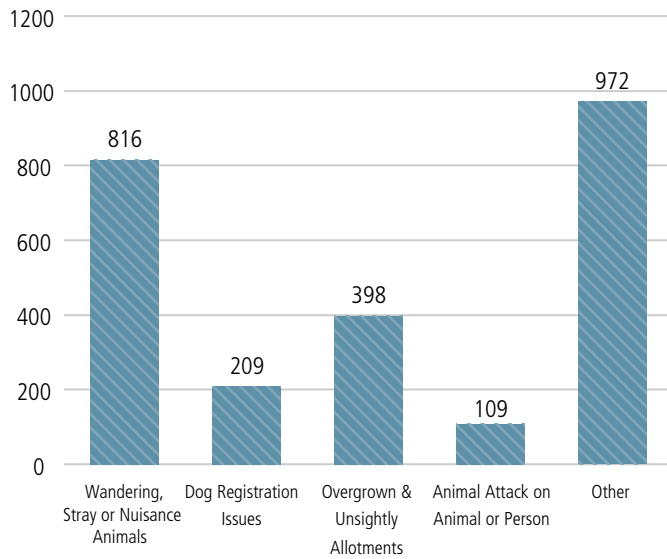




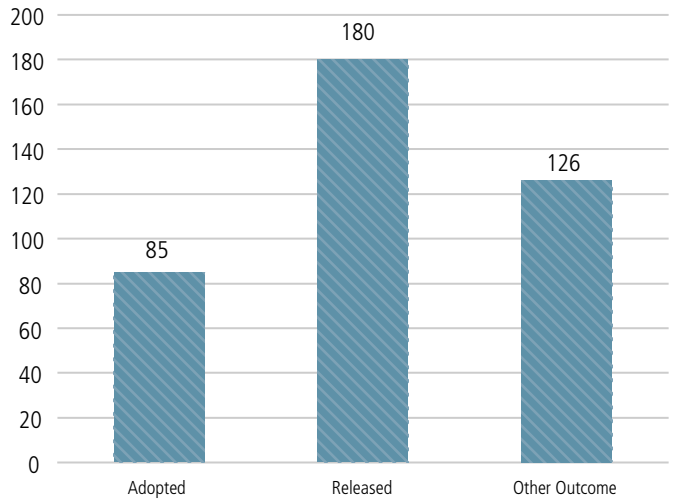
Credit: Alan Wild

### Ranger Services Statistics

#### TOTAL COMPLAINTS – 2504



#### IMPOUNDED ANIMALS – 361



### Rubyvale, Sapphire and Scrub Lead Miner's Common Stock Statistics

October 2015 – Head removed from the miner's common: **184**

March 2016 – Restocking permitted. Total head approved for grazing: **10**

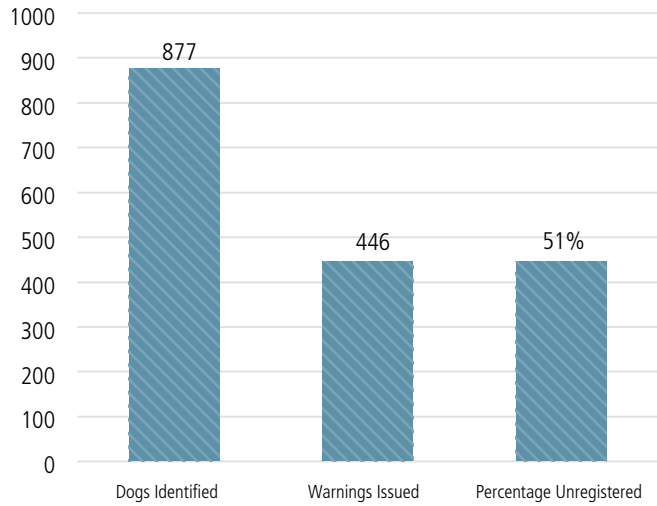
### Environmental Health Statistics

Environmental Health complaints received: **970**

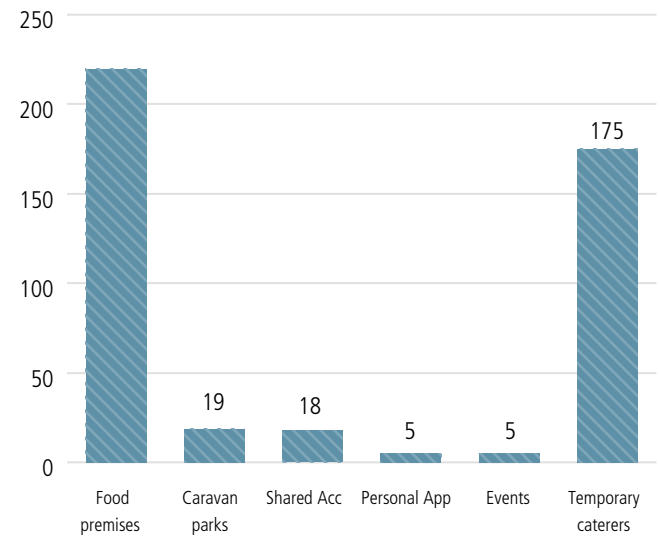




**SYSTEMATIC INSPECTION PROGRAM - SEP - DEC 2015**  
**TOTAL INSPECTIONS - 1467**



**LICENSES ISSUED**



**Event Approvals**

- Emerald Rodeo
- Central Highlands Multicultural Festival
- Gemfest
- Blackwater May Day
- Ag-Grow

5

STAFF PROFILE



Credit: Kara Paradies

## Alexis Aylward

### PRINCIPAL PLANNER STRATEGIC LAND USE

My name is Alexis Aylward and I am the Principal Planner Strategic Land Use.

My achievement under 'protecting our people and environment' is that I led the development of council's new Planning Scheme.

The overall project was undertaken over a period of five years and provides strategic land use planning in the Central Highlands region up to the year 2031.

Significant community and stakeholder consultation and working groups were engaged during the project and detailed local responses were provided and taken into account as the drafting of the scheme proceeded.

The Planning Scheme will advance state and regional planning policies and be responsive in the integration of community interests and greater flexibility to promote economic development.

## Central Queensland Organisation of Councils (CQROC)

Build and maintain a strong Central Queensland Organisation of Councils.

### Summary of key activities

- Growing CQ Project.
- Better Councils Better Communities pilot.
- Shared services – plant/training to be considered.
- Shared services – commitment to investigate.
- Sharing of LGAQ conference motions.
- Tourism promotion.

Essentially the CQROC is in its infancy. It is the successor to the Central Queensland Local Government Association that was disbanded. The new group is still in the forming stage. The new Chair is Central Highlands' Mayor Councillor Kerry Hayes and the view shared by all members is that the collective will develop into an effective lobby and advocacy group to progress matters of regional and cross-boundary significance.



## PROACTIVE ENGAGED LEADERSHIP



**STRONG LEADERSHIP**

**GENUINE COMMUNITY ENGAGEMENT**

**CORPORATE COMMUNICATIONS**  
**ADVOCACY**  
**INFORMATION SERVICES**  
**FINANCIAL SERVICES**

### Summary of key activities

- Develop and implement initiatives to encourage the community to become more informed and involved in issues that may affect them.
- Manage and govern to ensure transparency and responsiveness to the needs and views of our communities in decision-making practices.

## Highlights of 2015-16

The Corporate Communications team developed the *Regional Communications Strategy* to guide communication of council's activities across a broad range of communication channels to the community.

Stage one of a project to deliver a one-stop online portal for customer service was completed in February 2016 as a new-look, updated corporate website was launched.

The Geographic Information Systems unit implemented the industry standard 'Esri' GIS software to improve performance and reliability of its mapping and spatial analysis functions. We used this software to establish an authoritative point-of-truth on our mapping information and protocols and to capture the location of our assets, including roads and water utilities.

We began the upgrade to our corporate mapping interface 'CHIMP' or Central Highlands Information and Mapping Portal, which is accessible to all staff. This upgrade will adopt the Geocortex web-based software to ensure CHIMP continues to be supported by the industry standard Esri GIS software and integration with other corporate applications.

Our Information Technology Team installed video conferencing technology in the Emerald council chambers to build on our unified communications platform. We are now able to engage with council, or any other user, from any location in the region or, in fact, around the world—significantly closing the communications gap created by the geographical distance between offices and central business areas.



## Capturing asset data in the field

The Parks and Gardens Team wanted to perform a compliance and safety risk assessment on playgrounds, but only a few playgrounds were registered on our asset management system and none were mapped using GIS.

We successfully trialled mapping and data capture in Capella parks using a handheld GPS and standard digital camera. However, despite the accuracy and the quality of the records, the GPS equipment was cumbersome to use and it was difficult to link images to the asset records.

Employing a fresh approach, we used an iPad application, *Collector*, where all data collection tasks are carried out on one device, and went on to map and collect parks data throughout the region.

We are now considering ways to further expedite the data collection process, which may include a desktop review and data preparation step to making it faster to find assets while in the field, particularly in large facilities such as showgrounds and sporting complexes.

## Performance report

Activity	Target	Result	Status/Comment
<b>Corporate Communications</b>			
Develop and implement initiatives to encourage the community to become more informed and involved.	Upgrade council's website.	100%	✓ Stage one of website redevelopment launched 1 February 2016.
Develop external communications strategy.	30 September 2015	100%	✓ Regional Communications Strategy adopted by council in February 2016.
Posts uploaded to social media channels.	200	100%	✓ 592 Facebook posts.
Investigate passive promotion of council activities including use of kiosks.	June 2016	0%	✗ On initial investigation it was determined that the purchase of kiosks and their maintenance would not be value for money and this project did not progress to completion.
Publish media releases.	80	100%	✓ 130 media releases published.
Create a positive and future-focussed culture that demonstrates and supports council's values.	Publish results of 2015 staff survey.	100%	✓ The staff survey results were conveyed to the staff through the internal newsletter and via the CEO newsletter.
Promote awareness of water conservation program.	June 2016	100%	Several media releases and social media posts were published throughout the year to remind the community of water restriction requirements.
<b>Information Services</b>			
Investigate use of video conference technology.	November 2015	80%	✗ Video-conferencing capability installed and live streaming technology added in June 2016.
Adopt and implement a project decision framework.	December 2015	100%	✓ Council adopted the project decision framework February 2016 and 18 projects have been tested through the system.

STAFF PROFILE



**John Frisch**  
**PROCUREMENT OFFICER**

My name is John Frisch and I've been Procurement Officer with the council for a year and a half now. When I was six years old, my family and I moved to Emerald where I grew up on the family farm growing table grapes and cotton and learning a whole lot of other things along the way. I enjoy the challenge and problem solving required to do my job.

I work with all the council departments to help meet their purchasing needs and I get to give our local businesses the support and opportunity to gain work through council.

There are a lot of diverse businesses in our region and helping council connect with them is satisfying to me.



### Outlook for 2016-17

Our focus will continue on communication and corporate applications particularly for mobility and connectivity options. Wi-fi and staff interconnectivity along with improving mobile and corporate applications will be addressed.

The strategic operation of our records management process will undergo a review.

Microsoft surface hubs will be introduced to enable the exploration of improved communication options.

Several projects are on the agenda for Corporate Communications in 2016-17 including the commencement of a region-wide signage audit, a review of the Regional Communications Strategy, a regional local government corporate communications get-together and a consolidation of procedures and processes to aid succession planning.

### Corporate Communications Statistics



# STRONG GOVERNANCE



**STABILITY**

**CONFIDENCE**

**ACCOUNTABILITY**

**CORPORATE GOVERNANCE**  
**ASSET MANAGEMENT**  
**PROCUREMENT**

## Summary of key activities

- Embrace professional business practices and responsible use of council resources.
- Provide governance frameworks that ensure accountability, transparency and legal compliance.
- Provide assurance to the board and community on enterprise risk management matters.

## Highlights of 2015-16

### Corporate governance

A fraud and corruption framework was established in response to the Auditor-General's *Fraud Management in Local Government Report* tabled in the Queensland Parliament in June 2015.

A comprehensive councillor orientation and induction program was delivered for councillors to undertake their role in local government.

An external review of council policies was conducted to ensure ongoing compliance with relevant legislation.

### Asset management

Developed the Asset Management Planning and Strategy Framework in accordance with Australian standards to enable strong governance over long-term financial asset planning against agreed levels of service, intervention levels and sustainability ratios.

Replaced a number of graders, ride-on mowers, tractors, utility vehicles, trucks and a prime-mover under the plant and vehicle replacement program.

Rolled out the 'Navman' solution in 148 vehicles to optimise how our vehicles are used and reduce fuel costs.

The Asset Management and Parks and Gardens teams completed a mapping and data collection exercise on parks assets in nine recreational facilities in the Bauhinia, Blackwater, Capella, Emerald, Springsure and Tieri communities. Condition information was also collected to inform a risk assessment on playground equipment and help manage this equipment as financial assets.

### Financial services

In the lead up to the adoption of the *2016-2017 Budget*, the Rates Unit reviewed the rating strategies for consistency. We now have standardised utility charges across the region for the first time since amalgamation in 2008—achieved while maintaining a limited rate rise for the community.

### Procurement

We collaborated with CHDC and engaged with local businesses to give them the best opportunity to secure council business.

We have worked with other councils and the Queensland Government to influence policy makers in procurement legislation to reduce red tape and ensure probity and good governance when contracting for goods and services.



## Fraud and risk management framework

A fraud and risk management framework was established in accordance with the recommendations of the Auditor-General's *Fraud Management in Local Government Report* that reflects the results of a performance audit undertaken by the Queensland Audit Office. The framework incorporates:

- policies and procedures for fraud and corruption management
- fraud and corruption control plans
- fraud risk assessments
- data analytics capability for fraud detection.

The purpose of the framework is to:

- Reduce the potential for fraud and corruption within and against council.
- Build a culture that seeks to prevent fraud and corruption.
- Explain how council deals with suspected fraud and corruption through risk management practice.
- Provide guidance on how to deal with any suspected instances of fraud or corruption.

Fraud and corruption risks are monitored and reviewed through the Audit Committee and further strategies applied to address deficiencies.

## Performance report

Activity	Target	Result	Status/Comment
<b>Corporate Governance</b>			
Establish fraud and corruption framework.	December 2015	75%	✘ Draft fraud and corruption framework finalised for presentation to Audit Committee.
Fraud and corruption framework training for staff.	June 2016	0%	✘ Delivery of training has not occurred due to delayed adoption of framework.
Adopt risk appetite statement.	December 2015	100%	✔ Statement adopted by council in December 2015.
Develop risk appetite reporting framework.	June 2016	100%	✔ Completed in March 2016.
Establish ethics framework.	January 2016	25%	✘ Placed on hold due to resource issues.
Implement ethics framework.	June 2016	0%	✘ Placed on hold due to resource issues.
Review of governance framework.	December 2015	100%	✔ Review complete.
Number of complaints resulting in official action recommendations from the Local Government Ombudsman.	2	100%	✔ Two complaints resulting in official action resolved with Queensland Ombudsman.
Referral of matters to Crime and Corruption Commission.	2	100%	✔ Three matters referred to Crime and Corruption Commission.
<b>Asset management</b>			
Develop a contract register.	June 2016	70%	✘ Current contract register and related documents are included in the records management system.
Develop strategic plant replacement program	August 2016	70%	✘ The revised schedule did not meet budget requirements and, although consultation has been completed, more critical decisions are required on overall use before replacement program is finalised.
Finalise asset management plans for each major asset class.	December 2015	100%	✔ Council adopted the Asset Management Policy, Asset Management Strategy and Roadmap, Total Asset Management Plan and Asset Management Plans for all major classes in June 2016.
<b>Finance services</b>			
Present options to council for procurement of fleet, goods, services and construction.	June 2016	65%	✘ Policy and process review is ongoing with continuous improvement to practices undertaken.



## Challenges in 2015-16

Staff turnover and secondments impacted the ability to fully deliver on operational plan outcomes.

We made organisation structural changes to refocus delivery in critical areas within the Governance Department and negotiated an outsourcing agreement with a neighbouring council for delivery of services in critical areas.

The compliance and ethics frameworks development and implementation projects were reassessed upon appointment of a permanent incumbent to the role of Coordinator Governance to establish new delivery timeframes.

This year, the smooth functioning of our governance section was challenged with the departure of key staff. In the latter half of the year, these positions were filled and training was undertaken with the new team members.

## Outlook for 2016-17

In the coming year there will be a renewed focus on embedding governance practice into work processes across council so it becomes 'the way we do things'.

Our performance in 2016-17 will be influenced by the permanent appointment of people to the roles of Coordinator Governance and Coordinator Safety and the recruitment of a full complement of team members in Workplace Health and Safety.

There will be a significant focus on workplace health and safety to drive a change in safety culture.

## Strategic risk register

We developed and implemented a strategic risk register that has been reviewed and updated by the executive leadership team and is monitored by the Audit Committee. Controls and actions are documented to ensure, where possible, risks are being reduced or maintained at an acceptable level. Progress on actions identified in the risk register are reported to the executive leadership team and the Audit Committee quarterly.

## Insurance

A comprehensive review of our insurance has been undertaken to ensure that the insurance profile, policies and cover is consistent with our identified risk profile and needs. Some areas of cover have been amended to reflect changes to the profile.

We expect to contribute to the efficiency improvements by:

- Establishing a health and safety working group to focus on audit and compliance.
- Implementing a comprehensive compliance framework.
- Delivering native title and cultural heritage compliance training sessions to drive awareness and compliance with legislative obligations.
- Enhancing regional communication through the council's Regional Communications Strategy 2016-2017.

## COMMERCIAL SERVICES

STABILITY

CONFIDENCE

ACCOUNTABILITY



AIRPORT

QUARRY

SALEYARDS

LAND DEVELOPMENT

### Summary of key activities

- Ensure council's commercial activities are managed well and provide benefits to our community.
- Provide safe and secure regional airport and aerodrome landing strips.
- Provide support partnerships with the Royal Flying Doctor Service, CareFlight and Angel Flight to support outreach medical services.
- Provide quality aggregates, crusher dust, general fill, road base, gabion rock and gravels and support council's road construction activities.
- Provide a well-maintained livestock selling facility for the region.
- Manage land development activities.

## Highlights of 2015-16

### Emerald Airport

**Airfield lighting project** – Emerald was the first regional airport to install new environmentally friendly and cost efficient runway, taxiway and apron LED lighting. The \$1M project also included new underground cabling, conduits and airfield primary and secondary windsocks.

**Airport awards** – Emerald Airport was nominated for two airport awards pertaining to projects and infrastructure in the regional airports category at the 2015 Australian Airports Association annual conference.

### Emerald Saleyards

**Engagement** – saleyard stakeholders were invited to provide feedback on their experience of the saleyard facilities at a meeting in February 2016 to inform a continuous improvement action plan.

**Saleyard yard replacement program** – work continued on the replacement of old wooden yards with steel yarding. This has been a staged project over a number of financial years with replacement works to be concluded in 2016-17.

**Performance** – in 2015-16, the Emerald Saleyards contributed to the local economy by conducting 210 sales, where 117 479 head of cattle were sold to a combined selling value of \$94.6M.

**Financial Sustainability** – Council established a retention of profits policy position in its 2015-16 Budget (after allowing for applicable operating and capital expenses, loan repayments and return on investment) for net profits to be retained within reserve for the commercial business units of airport and saleyards.

### Shepton Quarry

**Campaign crushing** – we introduced campaign crushing where intensive production occurs over a designated crushing period using contract labour enabling the production to expand or contract in line with demand.

**Regional quarries** – to improve its overall consolidated financial result, Shepton Quarry diversified its operation by establishing two extra regional quarry sites that support our road construction activities and enhance external product markets.

**Land development** – development of a vacant land strategy commenced with data gathering and validation of public land ownership. A review of commercial leases was undertaken and independent valuations obtained to inform commercial leasing rates.



## Performance report

Activity	Target	Result	Status/Comment
Develop business plans for all commercial services.	June 2016	100%	✓ Business plans adopted by council.
Review business systems and process review.	June 2016	100%	✓ Several process improvements have been implemented by the business units.
Develop plan/timeline and identify actions for the airport and quarry to operate under an independent framework.	June 2016	5%	✗ Developing statement of intent to report to council. Expected completion December 2016.
<b>Airport</b>			
Enhance the Emerald Airport Master Plan to identify economic opportunities.	June 2016	100%	✓ Passenger behaviour study conducted to provide details on what passengers would like to see introduced – completed February 2016 and reported to council on 26 April 2016.
Establish an aerodrome reference group and charter.	September 2015	100%	✓ Airport Advisory Committee and terms of reference adopted by council on 9 June 2016.
<b>Saleyards</b>			
Investigate options for future use of saleyards.	June 2016	5%	✗ Future consideration required that depends upon proposed meat works project.
Develop an advertising strategy for council consideration	October 2016	100%	✓ Draft strategy completed.
<b>Quarry</b>			
Develop and implement a process for monthly analysis and review of product cost and products sale price.	September 2015	100%	✓ Reviewed methodology adopted for production cost.
Lodge and approve development application for Shepton Quarry.	December 2015	40%	✗ Development application is at the information response stage.
<b>Land Development</b>			
Acquisition of freehold land for meat works site.	September 2015	100%	✓ Land acquired.
Develop vacant land strategy.	September 2015	100%	✓ Report prepared and completed.



### Challenges in 2015-16

All of the business units continued to be affected by the contraction of the local and regional economy.

**Emerald Airport** – passenger numbers declined slightly and regulation of the airport's operations increased.

**Shepton Quarry** – changes required to operational processes that will drive down production costs to enable market competitiveness.

**Emerald Saleyards** – managing risks associated with animal handling operations and implementing governance and best operating practices.

**Land development** – decline in property market and land banking of residential lots in the Nogo Rise estate.

### Outlook for 2016-17

**Airport runway enrichment program** – approximately \$5.3M (application has been made for part federal or state government funding) will be spent on a runway enrichment program to strengthen, renew and prolong the life of the runway asset.

**Highway intersection project** – a \$1.2M upgrade of the airport road and Gregory Highway intersection will be completed.

**Emerald Saleyards** – continued improvements to infrastructure, including replacement holding yards, additional shade, selling yards and lighting.

**Shepton Quarry** – promoting the sale of quality quarry products and enhancing internal relationships to add value to internal road building activities.



## David Voss

### MANAGER AIRPORT

My name is David Voss and I've been the manager at the Emerald Airport for just 14 months. I manage the airport's operational, safety, security and commercial functions, and the five regional airfields.

It has been satisfying to see several airport infrastructure projects completed, however the most exciting achievement was the installation of new LED lighting for the runway, taxiways, apron and helipad at the Emerald Airport—one of the first regional airports to have this kind of upgrade in Australia.

The benefits are improved vision for pilots, a reduction in electricity costs, enhanced environmental commitment, improved safety and improved compliance with civil aviation regulations. This \$1M project came in under budget and on schedule.

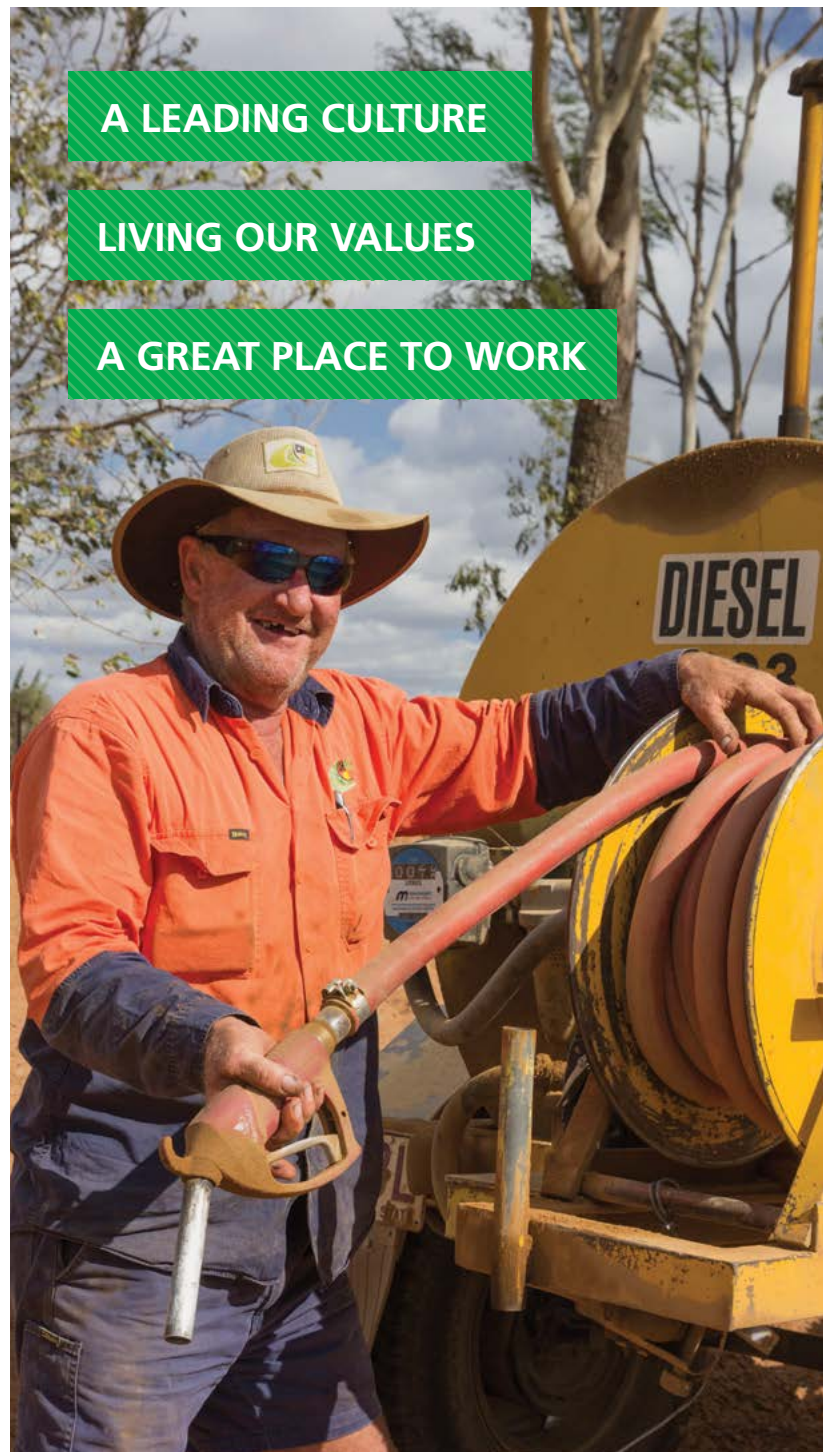
I am proud of my team's performance in this complex aviation environment and I've enjoyed leading several regulatory compliance improvements and managing the general day-to-day activities of a busy airport.

## A WORKPLACE OF EXCELLENCE

BUSINESS IMPROVEMENT SERVICES  
ORGANISATIONAL DEVELOPMENT  
CUSTOMER SERVICE

### Summary of key activities

- Adopt practices and systems that support a skilled, motivated and community-focussed workforce.
- Provide responsive and efficient systems to enable the delivery of our services.
- Create and develop a positive and future-focussed culture that demonstrates and supports our values.
- Provide consistent high levels of customer service.



A LEADING CULTURE

LIVING OUR VALUES

A GREAT PLACE TO WORK

## Highlights of 2015-16

### Trainee, apprentice, cadet, graduate and co-op programs

Our Organisational Development Team developed a trainee and apprentice program to build a skilled workforce from the ground up. Traineeships and apprenticeships provide career pathways for people and enables council to meet its future recruitment needs and increase the skills of its workforce. We currently have six trainees and four apprentices across five areas: diesel fitting, water operations, horticulture, civil construction and information technology.

### Training and development

Our training and development framework construction is well underway. The framework centres on developing employee capability through effective training and development solutions to meet our current and future business needs.

### Business improvement

The addition of a Business Improvement Unit this year is a step forward in our goal to improve efficiency in the use of corporate systems.

### Customer service

We developed a framework to support our Customer Service Charter that enhances our customer service capability by training and skills development and technology improvements.

We implemented a new after-hours service to improve responsiveness to emergency calls received outside standard business hours and reduce the cost of call-out and overtime.

The Customer Service Team continued to implement new contact centre technology for calls to be handled at multiple office locations and improve responsiveness during peak call periods.

## CASE STUDY



### Highlanders step up to the challenge

We fielded a strong team at this year's Australasian Management Challenge as our 'Highlanders' became directors of the fictitious City of Heartness Council.

The challenge is a professional development activity with each task and activity specifically designed with particular themes and learning outcomes in mind.

Our 'Highlanders', who represented four of council's five operational departments, demonstrated creativity, professionalism and teamwork, while working under pressure but still having fun.

## Performance report

Activity	Target	Result	Status/Comment
Undertake an efficiency benchmark between day labour and contractors.	June 2016	100%	✓ Process in place that includes a review of the benefits and effectiveness of day labour vs contract labour. Template available for analysis of labour type for major projects.
Implement individual reward and recognition program.	June 2016	100%	✓ Reward and recognition procedure completed. Communication and implementation yet to be completed.
Implement a team reward and recognition program.	June 2016	100%	✓ Reward and recognition procedure completed. Communication and implementation yet to be completed.
Review HR policies to reflect council values.	June 2016	95%	✓ Review of policies and procedures completed. Communication of new policies throughout the organisation will be completed in first quarter of 2016-17.
Implement a succession planning strategy to include identification of emerging leaders, trainees and apprenticeships.	December 2015	75%	✗ Trainee and apprentice program developed and implemented. Further work to be undertaken on succession planning strategies for key areas.
Business improvement initiatives implemented.	35	65%	✗ After undertaking a significant review of the strategic plan and priorities, there was a realignment of focus to a new corporate system. This activity will refocus to process improvement not just technology-based initiatives.
Raise awareness of organisational values.	April 2016	100%	✓ Use of internal communications channels to promote awareness.
Publish results of staff survey.	September 2015	100%	✓ Results published through CEO newsletters.
<b>Customer service</b>			
Review council's Customer Service Charter.	100%	100%	✓ Reviewed in May 2016.
Report on council's customer service performance.	Twice a year	100%	✓ Customer service performance was reported to council in December 2015 and June 2016.
Develop and implement a customer service framework.	100%	85%	✗ A draft customer service framework was developed in late 2015-16.
Review council's Customer Service Charter.	100%	100%	✓ Reviewed in May 2016.

## Outlook for 2016-17

Planning and strategy development is a primary focus for Organisational Development in the coming year, most significantly communication and implementation of the *Organisational Development Strategic Plan 2016-2020*.

We're also working on a strategic workforce plan, a training and development framework, and succession planning strategies.

A new enterprise agreement based on the Modern Award is expected to be finalised, but is dependent on the Industrial Relations Commission.

We will promote career opportunities within council to secondary schools and universities, including a work experience program and collaborate more closely with the Central Queensland University for graduate and training programs.

As part of the review of corporate systems we will investigate better ways to conduct performance management and integrate human resources information technology.



## Challenges in 2015-16

Resourcing constraints and changes within the Organisational Development Team this year had an impact on a range of projects scheduled to be undertaken including finalising and implementing the roles and responsibilities review, which began in 2014-15.

The modern award and resultant enterprise bargaining negotiations were not progressed because the modern award was not finalised in the Industrial Relations Commission.

The Customer Service Team will continue to monitor and improve its performance against the Customer Service Charter in the coming year and implement the customer service framework.

Contact centre technology will be rolled-out to other office locations to enable improved responsiveness during peak call periods.

## Training and development

The Training and Development Team is implementing the training and development framework to develop employee capability to meet business needs.

This year the team has been consulting in the design, development and implementation of:

- A corporate induction program that includes corporate Induction, work health and safety induction and various operational and departmental induction programs.
- Literacy programs to improve language, literacy and numeracy, as well as computer literacy and digital conversion.
- Mandatory, high risk licences and tickets (statement of attainment).
- Short courses, seminars and workshops.
- Nationally accredited competencies and qualifications.
- Traineeships, apprenticeships and cadetships.
- Supervisor and leadership programs.
- Performance appraisals.
- A new training and development plan.
- Training and development calendar.

## Workplace Health and Safety

### Supporting a positive culture

We value our employees and place a strong emphasis on workplace health and safety.

This year, we continued to progress and strengthen our safety culture by reinforcing our workplace health and safety commitment. Solid groundwork significantly improved the organisation's safety management system to drive positive participation in workplace health and safety across all business units.

Our proactive approach ensures that everyone is aware of their responsibility for their own health and safety and that of others, including members of the community.

At Central Highlands Regional Council we provide a safe, healthy work environment by:

- Monitoring, reviewing and continuously improving the health and safety program.
- Holding regular meetings of the Workplace Health and Safety Committee.
- Taking effective action to provide and maintain safe and healthy work conditions for all employees.
- Assisting all supervisory staff to maintain safe working conditions under their control.
- Encouraging all employees to recognise their responsibility to work safely and in accordance with legislated requirements and council expectations.

### Management system

We adopt and promote the provisions of the *Work Health and Safety Act 2011* its associated regulation, codes and standards. We also place significant importance on hazard and risk management as well as injury prevention strategies. Safeplan is our safety management system that focuses on seven elements to form a framework to govern safe work practices.

It's encouraging that improvement continued to be made across the organisation as a result of a number of workplace health and safety audits throughout the year.

### Consultation and communication

Our Health and Safety Committee is formed with staff nominated from across the organisation. It works with the Work Health and Safety Team to ensure maximum staff engagement and consultation. The committee discusses concerns arising from operations, maintenance, construction and high risk work activities and, where required, issues can be raised to the overarching work health and safety meeting for resolution.

Some of our communications channels to get the safety message out include: formal toolbox talks, newsletters, safety alerts, intranet, and safety presentations with key-note speakers. Employees are also encouraged to think about safe work practice by participating in activities like incident investigations and workplace risk assessment.



### Staff well-being and initiatives

Programs are offered to staff throughout the region to actively promote and encourage health and well-being. Our Employee Assistance Program provides mental health and well-being support by enabling access to a free counselling service and links to other allied health professionals. While our physical well-being is assisted with the annual influenza program and workplace vaccination schedule.

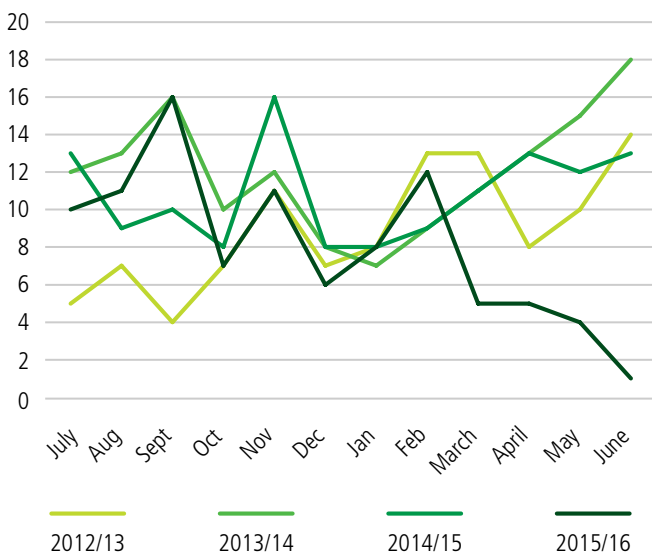
### Incident comparison

Compared to previous years, incident numbers are below average with the last quarter of the year showing a significant decrease in injuries. This is a result of the continued efforts to raise safety awareness in our workplaces and a focus on hazard identification and control.

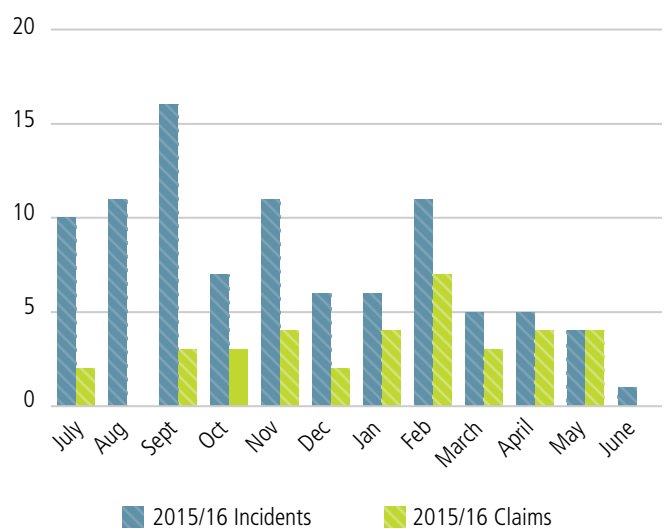
In 2015-16 there was a total of 93 workplace incidents of which 38 worker's compensation claims were lodged.

Incidents were consistent with sprains and strains and situated primarily on the upper body and limbs. As expected, most incidents reported were from the operational and high risk work areas.

INCIDENTS FY13 TO FY16



INCIDENT REPORTS vs. CLAIMS LODGED



# OUR ORGANISATION



## OUR WORKFORCE

Total workforce	
Permanent Full Time	366
Contract Full Time	22
Contract Part Time	0
Apprentices Full Time	4
Permanent Part Time	21
Casuals	28
Temporary Full Time	12
Temporary Part Time	1
Temporary Contract	0
Full-time Trainees	6
School-based Trainees	0
<b>Total Employees</b>	<b>460</b>

Internal -v- external workforce	
Total Internal Employees	226
Total External Employees	234
<b>Total Employees</b>	<b>460</b>

Terminations 2015-16	
CEO Office	3
Commercial Services	6
Communities	32
Corporate Services	10
Infrastructure and Water Utilities	35
<b>Total Terminations</b>	<b>86</b>

Recruitment 2015-16	
CEO Office	2
Commercial Services	6
Communities	34
Corporate Services	13
Infrastructure and Water Utilities	51
<b>Total Recruitment</b>	<b>106</b>

Employee Turnover % 2015-16			19%
	Male	Female	
Executive (ELT)	4	2	
Executive (MMT)	10	3	
Mayor and councillors	5	4	
All Other Employees (not included above)	290	151	
<i>Councillors not included in above figures</i>	<b>309</b>	<b>160</b>	

Age demographic								
2016	No. of Employees							
	Males	Females	15-24 yrs	25-35 yrs	36-45 yrs	46-55 yrs	56-65 yrs	65+ yrs
CEO	2	11	0	2	6	4	1	0
Commercial Services	15	5	2	7	4	5	2	0
Corporate Services	17	37	4	17	11	15	7	0
Infrastructure & Water Utilities	203	18	23	34	44	64	53	3
Communities	67	85	8	32	27	53	27	5
<b>Totals</b>	<b>304</b>	<b>156</b>						

STAFF PROFILE



## Organisational Development Team

Assisting management and staff with all aspects of the workforce strategy, workplace relations, recruitment, training and development, and human resource support services requires a combination of team traits.

We pride ourselves on demonstrating confidentiality, compassion and collaboration, which, combined with a shared vision, an understanding of council

business and specialised professional knowledge and skills makes us a valuable business partner to all departments.

Every day brings a different challenge, but is always rewarding—that's the nature of the job. Whilst we kicked some goals last year, despite some considerable restraints, there remains a lot of work to do in the coming twelve months and the team looks forward to taking them on.

# LEGISLATIVE DISCLOSURE REQUIREMENTS



## Local Government Act 2009

<b>Identifying beneficial enterprises (s41)</b>	No beneficial enterprises conducted this year.
<b>Identifying significant business activities (s45)</b>	Council conducted two significant business activities during 2015-2016: water services and sewerage services. The competitive neutrality principle was applied to these significant businesses. There were no other significant business activities commenced during the reporting period. For a full list of business activities refer to Note 31 'National Competition Policy' of the Financial Statements on page 113.

## Senior Management Remuneration (s201)

Remuneration Range	Contracted senior employees
\$100 000 – \$200 000	2
\$200 000 – \$300 000	4
\$300 000 – \$400 000	1

## Local Government Regulation 2012

### PARTICULAR RESOLUTIONS (S185)

<b>Expenses reimbursement policy (s250)</b>	No resolutions were made to amend the expenses reimbursement policy.
<b>Amount set for each different type of non-current physical asset. (s206)</b>	No resolutions made.

## Councillors (s186)

### COUNCILLOR REMUNERATION (LGR 2012 S186)

COUNCILLOR REMUNERATION 2015/16				
Councillor	Allowances \$	Vehicle Allowance \$	Superannuation \$	TOTAL REMUNERATION \$
Mayor Peter Maguire	92 130.45	-	11 055.67	103 186.12
Mayor Kerry Hayes	24 111.26	-	2893.32	27 004.58
Cr Gail Nixon	70 390.44	-	8446.72	78 837.16
Cr Paul Bell	61 753.35	-	7410.30	69 163.65
Cr Charles Brimblecombe	61 753.38	-	7410.30	69 163.68
Cr Gail Godwin-Smith	64 013.76	-	7681.54	71 695.30
Cr Gai Sypher	48 944.28	-	5873.22	54 817.50
Cr Kev Cracknell	48 944.25	4358.20	5873.22	59 175.67
Cr Peter Maundrell	48 944.28	1011.12	5873.22	55 828.62
Cr Kevin Pickersgill	48 944.28	5693.82	5873.22	60 511.32
Cr Christine Rolfe	12 809.09	-	1537.08	14 346.17
Cr Megan Daniels	12 809.10	287.10	1537.08	14 633.28
Cr David Lacey	12 809.10	-	1537.08	14 346.18
Cr Alan McIndoe	12 809.10	-	1537.08	14 346.18
<b>TOTAL</b>	<b>621 166.12</b>	<b>11 350.24</b>	<b>74 539.05</b>	<b>707 055.41</b>

## COUNCILLOR EXPENSES &amp; FACILITIES (LGR 2012 S186)

OTHER COUNCILLOR EXPENSES					
	Accommodation and Meal Costs \$	Seminar, Conference and Course Fees \$	Travel Costs (Conferences and Seminars) \$	Mobile Device and Administration Charges \$	TOTAL OTHER EXPENSES \$
Mayor Peter Maguire	4165.22	2076.36	5342.89	1703.77	13 288.24
Mayor Kerry Hayes	3276.63	7690.91	2316.82	265.58	13 549.94
Cr Gail Nixon	7105.13	3081.19	3545.25	571.97	14 303.54
Cr Paul Bell	2276.49	1787.29	1272.93	885.98	6222.69
Cr Charles Brimblecombe	3307.74	4118.18	1030.82	698.28	9155.02
Cr Gail Godwin-Smith	3130.94	3033.47	1296.31	1203.52	8664.24
Cr Gai Sypher	263.63	1936.38	41.16	543.04	2784.21
Cr Kev Cracknell	382.83	-	386.37	796.60	1565.80
Cr Peter Maundrell	523.29	159.09	-	543.03	1225.41
Cr Kevin Pickersgill	1350.40	809.09	914.54	1031.39	4105.42
Cr Christine Rolfe	2445.24	1240.91	1725.41	434.88	5846.44
Cr Megan Daniels	-	723.00	-	277.11	1000.11
Cr David Lacey	2165.82	7604.55	1377.37	157.92	11 305.66
Cr Alan McIndoe	1964.24	8049.10	871.46	157.78	11 042.58
<b>TOTALS</b>	<b>32 357.60</b>	<b>42 309.52</b>	<b>20 121.33</b>	<b>9 270.85</b>	<b>104 059.30</b>

**COUNCILLOR MEETING ATTENDANCE 2015-16 (\$ 186C)**

Mayor Peter Maguire	15
Cr Gail Nixon	15
Cr Paul Bell	22
Cr Charlie Brimblecombe	23
Cr Gail Godwin-Smith	24
Cr Kev Cracknell	14
Cr Gai Sypher	15
Cr Peter Maundrell	12
Cr Kevin Pickersgill	15
Mayor Kerry Hayes	12
Cr David Lacey	8
Cr Christine Rolfe	8
Cr Megan Daniels	10
Cr Alan McIndoe	8

**Administrative Action Complaints (s187)**

Central Highlands Regional Council aims to ensure excellent standards of service and has a policy and procedure in place to efficiently and effectively investigate and, where appropriate, take corrective actions and/or revise a decision when a customer is dissatisfied.

We are committed to dealing fairly with administrative action complaints and to demonstrate this we have implemented a system where administrative action complaints are initially dealt with by a manager through an internal review process with the Governance Department.

If the complaint remains unresolved, the complainant is advised of their option of appeal to the Queensland Ombudsman.

**Outcome of administrative action complaints**

Number of complaints made under the administrative actions complaints process.	4
Number of administrative action complaints resolved under complaints management process.	2
Number of unresolved complaints under the administrative actions complaints process during 2015-2016.	2
Number of unresolved complaints under the administrative actions complaints process from 2014-2015 (previous financial year).	0

**Complaints in accordance with Section 186(f) of the Local Government Regulation 2012**

Complaints about the conduct or performance of councillors for which no further action was taken under section 176C(2) of the Act.	1
Complaints referred to the department's chief executive under section 176C(3)(a)(i) of the Act.	1
Complaints referred to the mayor under section 176C(3)(a)(ii) or (b)(i) of the Act.	0
Complaints referred to the department's chief executive under section 176C(4)(a) of the Act.	1
Complaints assessed by the chief executive officer as being about corrupt conduct under the <i>Crime and Corruption Act</i> .	0
Complaints heard by a regional conduct review panel.	0
Complaints heard by the tribunal.	0
Complaints to which section 176C(6) of the Act applied.	0

**Complaints in accordance with Section 176C of the Local Government Act 2009 (revised 2015)**

Regional Conduct Review Panel orders and recommendations.	0
Tribunal Orders and recommendations.	0
Mayor or departments chief executive orders reprimanding a councillor on inappropriate conduct.	0

**Complaint orders/recommendations summary reported in accordance with Section 186(e) of the Local Government Regulation 2012**

The name of each councillor that was subject to an order under section 180 and 181.	Description of misconduct or inappropriate conduct.	Summary of order or recommendation.
Nil	Nil	Nil

**Overseas travel (s188)**

Several councillors and staff travelled to Japan to open the Australia Japan Friendship Park this year. All the expenses were covered by an Australia Japan Foundation grant.



## Grants to community organisations (s189)

Organisation	Project	\$ Amount
Bauhinia Polocrosse Club	Build and replace horse yards.	5000.00
Bauhinia Sports Association	Upgrade sports ground entrance.	5000.00
Blackwater Bandits Football Club	New soccer jerseys.	4108.50
Blackwater Clay Target Club	Purchase a new mower.	5000.00
Borilla Kindergarten	Update multipurpose room.	5000.00
Central Highlands Science Centre	Science education equipment.	5000.00
Comet School of Arts	Historical painting display room.	5000.00
Denison State School P&C Association	Stage 2, cooling of DSS multipurpose hall.	2058.00
Dingo Tennis Club	Upgrade fence.	5000.00
Emerald and District Historical Association	Upgrade security at Pioneer Village.	5000.00
Emerald and District Social Development Association	Purchase table and chairs for community groups and events.	4430.00
Emerald Brothers Cricket Club	Upgrade showgrounds score board.	1500.00
Emerald PCYC	Upgrade toilet and shower facilities.	5000.00
Orion Sports Association	Upgrade signage, seating and storage.	4303.45
Rolleston Cricket Club	Expansion community oval.	5000.00
Springsure Jockey Club	Replace saddling enclosure fence and photo finish sign.	5000.00
Springsure Playgroup	Healthy, Active, Outdoors program.	2277.63
Springsure Rugby League Football Club	Goal posts.	5000.00
C&K Blackwater Community Kindergarten	Beating the Heat project.	5000.00
Central Highlands Junior Rugby League	Central Highlands Junior Rugby League Girls Program	5000.00
Central Highlands Model Aero Club	Provide water.	2732.50
Emerald Jockey Club	Access paths.	3800.00
Emerald Karate Academy	Purchase laptop computer and software.	1914.00
Gemfields Crafty Angels	Forty Fun Fridays program.	5000.00
Gemfields Junior Rugby League Club	Fencing Roy Day Sporting Oval.	5000.00
Miners Common Museum Arts and Cultural Centre	Sapphires Shine for Qld Week.	2800.00
Orion Primary P&C	Tennis and playground.	4520.00
Blackwater North State School P&C	Upgrade the tuck shop.	4850.00
QCWA Dingo Branch	Paint the QCWA rest rooms.	5000.00
Rolleston Roos Rugby Union Club	Keeping it Cool program.	5000.00
RSL Aust. PFH District - Springsure RSL Sub Branch	Springsure Hall disabled amenities and repair power outlets to recreation area.	10 000.00
Springsure Country Golf Club	Install drainage channel.	5000.00
Springsure Lions Club	Build shed.	5000.00
St Patricks School P&F	Purchase box trailer.	1961.82
Tieri Sharks Amateur Swim Club	Update equipment.	5000.00
<b>Total</b>		<b>156 255.90</b>

## Commercial business unit (s190c)

Council has no commercial business units.

## Joint government activity (s190d)

There was no joint government activity supplied by another local government for which special rates or charges were levied.

## Special Rates and Charges

Expenditure on a service, facility or activity for which special rates were levied during the financial year.

Organisation	Description	\$ Expenditure
BHP	Roads	1 866 268
Rio Tinto	Roads	1 276 025
Anglo American	Roads and public amenities	38 923
Glencore	Roads, public amenities, parks, waste, sewer and water facilities	3 191 213

## Concessions for rates and charges (s190g)

Council provided the following concession for rates and charges for the 2015-16 financial year.

### PENSIONERS

A 50% remission is granted to pensioners that are legally liable to pay rates providing that an owner of the premises meets council's definition of a pensioner and the premises for which they are claiming a rebate is their principal place of residence. This is in addition to the 20% that is given by the Queensland Government. The remission does not apply to special rates, special levies and water consumption.

### ENTITIES WHOSE OBJECTIVES DO NOT INCLUDE MAKING A PROFIT

Concessions equivalent to 100% of general rates may be allowed to certain eligible entities whose objects do not include making a profit. All rebated rates are initially levied and a rebate provided automatically when rates are levied so that each organisation can assess the level of council rebate provided. Eligible entities include: community groups, churches, other community organisations and sporting clubs.

### OTHER CONCESSIONS

**Mining Claims** – upon application council may consider a refund of the net general rate for a mining claim overlapping a residential tenure.

**Quarries** – concessions may be available to ratepayers within quarry categories relating to development approval, development contributions and actual vs approved level of production.

### OTHER REBATES

Consideration may be given by council to grant a class concession in the event that all or part of the local government area is declared a natural disaster area by the Queensland Government and/or where an extreme event occurred that affected all or part of the property.

## Invitations to change tenders (190e)

Invitations to change tenders this year under Section 228 (7) of the *Local Government Regulation 2012* due to changes in scope of works:

Date	Tender No.	Location	Project
18/12/2015	2015T072C	Emerald	Nogoa River excavations sites 2 and 3
18/12/2015	2015T073C	Emerald	Nogoa River excavations sites 4,5,5A, 6 and 7
18/12/2015	2015T074C	Emerald	Nogoa River excavations sites 8 and 9A
18/12/2015	2015T075C	Emerald	Nogoa River excavations sites 10 and 11

## List of registers (s190f)

- electoral gifts
- interests of councillors and relatives of councillors
- interests of senior managers and relatives of senior managers
- interests of Chief Executive Officer and relatives of Chief Executive Officer
- register of access to registers of interest
- delegation of powers to standing committees and chief executive officer
- delegation of power by the chief executive officer
- roads register
- cost recovery fees and commercial fees
- register of business interests
- local laws
- town planning – existing uses, subdivision approvals, consent approvals, permitted developments

## Competitive neutrality (s190 i,j)

There were no investigation notices given in the financial year under S49 for competitive neutrality complaints.

## Internal audit (Sec 190h)

### AUDIT COMMITTEE

The primary objective of the Audit Committee (advisory body) is to assist council to fulfil its responsibilities relating to the accounting and reporting requirements imposed under the *Local Government Act 2009* and other relevant legislation.

The committee comprises of two independent members and two councillors. The two independent members are Chair Mr Hayden Wright and Mr Geoff Hirst. Council representatives prior to the election in March 2016 were Councillor Paul Bell and Councillor Peter Maundrell. Appointed council representatives post-election are Councillor Charles Brimblecombe and Councillor Christine Rolfe.

The Audit Committee's principles and standards include:

- Enhancing the ability of councillors to fulfil their legal responsibilities.
- Adding to the credibility and objectivity of financial reports.
- Enhancing the objectivity and effectiveness of the council's internal audit function.
- Overseeing the application of appropriate accounting and disclosure policies and procedures.
- Monitoring existing corporate policies and reviewing new corporate policies to prohibit unethical, questionable or illegal activities.
- Providing a communication link between management, internal auditors, external auditors and council.
- Promoting the need for public accountability of managers to council, the community and other interested parties.
- Supporting measures to improve governance, risk and internal controls.

### AUDIT COMMITTEE CHAIR REPORT

The Audit Committee had a busy year considering a range of reports. It has been pleasing to note the increasing maturity of the organisation in responding to internal audit activity and the value it can add to its operations.

The growing understanding and analysis of the risks that face the organisation, both strategically and operationally, is also growing in maturity and now represents a fair assessment of its risks.

As chairman of the committee, I must acknowledge the contributions of the former chairman, Councillor Paul Bell, who, during his term, guided the committee through its formative stages. Councillor Bell, together with Councillor Peter Maundrell, have remained members of the committee up to the March 2016 elections and I acknowledge and thank them for their continuing contributions. I also wish to acknowledge the contribution of my fellow independent member Mr Geoff Hirst who has provided excellent advice.

I also must thank the council's Governance Team for their continuing support by ensuring the management of the committee business is effective and efficient.

*Hayden Wright, Chairman.*

## Internal audit

Council's internal audit function provides independent, objective assurance and consulting services to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The *Internal Audit Plan* has been revised to reflect ongoing priorities and address emerging trends.

Internal audits undertaken by our internal auditors (Pacifica Chartered Accountants) for 2015-16:

- expenditure/purchasing
- non-current assets
- grants and subsidies
- human resources entry and exit processes
- light fleet and fuel management practices.

## External audit

The annual external audit of council's financial statements was conducted by BDO in 2015-16. The external auditors attend Audit Committee meetings to present findings and recommendations. The external audit management letter and responses are also provided to the Audit Committee.

## RADF grants 2015-16

Emerald Wood Workers	Master wood-turner Giulio Marco Longo will be visiting Emerald to teach his woodworking skills.
Flying Arts/CHACAC	Committee and community training.
Rubyvale Progress Association	Vocal artists to perform during tourism festival.
Emerald Art Group	Karol Oakley pastel and oil workshops.
CTM Links	Circus skills training for children, youth and adults with the Capella community.
Emerald Patchwork Group	Peggy Phelps patchwork professional development workshops for Emerald Patchwork.
Arts in August Committee	Community arts project incorporating recycled materials and creative/educational outcomes.
Central Highlands Arts and Cultural Advisory Committee	Concept development of film workshops linking to possible future partnership projects inter-regionally.
Capella Cultural Centre	Partnership project with ArTour, CHRC and Friends of the Capella Cultural Centre.
Rainworth Fort Committee	Collection assessment and signage development for cultural tourism for region.
Capella Pioneer Village	Collection assessment and signage development for cultural tourism for region.
Central Highlands Arts and Cultural Advisory Committee	Regional workshops in remote regional locations to develop community skills.
Central Highlands Arts and Cultural Advisory Committee	Creative development workshops regionally for social/emotional wellbeing.
Central Highlands Arts and Cultural Advisory Committee	Community place making and workshops to enhance arts precinct Emerald.

# GLOSSARY OF TERMS



## GLOSSARY

<b>Annual Report</b>	An overview of the activities of council for the financial year. This report gives a comprehensive easy-to-read summary of what your council has been doing within the community, including a comprehensible community financial report and a complete financial summary.
<b>Asset</b>	An item that has potential or actual value to an organisation.
<b>Asset management</b>	A systematic approach to managing assets through all lifecycle phases. This involves applying a combination of engineering, financial and other technical practices to the management of infrastructure, costs, opportunities, risks and performance.
<b>Asset Management Plan</b>	A plan that combines technical and financial techniques for the management of one or more infrastructure assets over the lifecycle of the asset in the most cost-effective manner in order to provide a specified level of service.
<b>Audit</b>	An examination of the records, statements, systems and procedures of an organisation together with its stated claims for performance.
<b>Blackspot Program</b>	An Australian Government initiative to reduce crashes on Australian roads.
<b>Budget</b>	Refers to the Central Highlands Regional Council Budget for 2015-16.
<b>Capital expenditure</b>	Represents expenditure on a capital project.
<b>Capital works</b>	Works undertaken to create a new asset or space, or to change the use, function or layout of an existing asset or space.
<b>Central Highlands 2022 Community Plan</b>	A 10-year plan providing a long-term 'road map' for the Central Highlands, setting out goals, priorities and aspirations for our 13 unique place communities as well as the whole region.
<b>CH</b>	Central Highlands
<b>CHACAC</b>	Central Highlands Arts and Cultural Advisory Committee
<b>CEO</b>	Chief Executive Officer
<b>CHDC</b>	Central Highlands Development Corporation. A not-for-profit organisation that is the lead economic and tourism development agency for the Central Highlands region.
<b>CHRRUP</b>	The Central Highlands Regional Resources Use Planning Cooperative is an independent community-owned organisation dedicated to increasing the sustainability of natural resources.
<b>Council</b>	Refers to Central Highlands Regional Council.
<b>Community</b>	The people living, working and visiting the Central Highlands.
<b>Community engagement</b>	Expands on community consultation to include wider processes of education, advocacy, communication and participation that also contribute to council decision making.
<b>Corporate Plan</b>	Sets out the council's strategic direction for the coming five years and is based on the outcomes and goals in the Central Highlands 2022 Community Plan. It's the tool we use to consider the priority of projects and services and balance their delivery with available resources.
<b>CQLGMA</b>	Central Queensland Local Government Management Association
<b>CQROC</b>	Central Queensland Regional Organisation of Councils
<b>CRG</b>	Community Reference Group / A group of community representatives established in each of the region's thirteen townships under the Central Highlands 2022 Community Plan. The aim of these groups is to engage with their communities and develop individual action plans to advance their own communities as well as the Central Highlands.

<b>Customer Service Charter</b>	Outlines the principles and standards relating to the services provided by council staff.
<b>EHP</b>	Queensland Government's Department of Environment and Heritage Protection.
<b>E-news</b>	Electronic newsletter.
<b>Governance</b>	The system by which council business is controlled and directed, especially with regard to regulation of decision-making procedures.
<b>Infrastructure</b>	The physical and organisational structures and facilities (roads, buildings, water treatment plants) needed for the operation of Central Highlands' communities.
<b>LGAQ</b>	Local Government Association of Queensland
<b>LGIP</b>	Local Government Infrastructure Plan
<b>LGMA</b>	Local Government Managers Association
<b>MOU</b>	Memorandum of Understanding
<b>NDRRA</b>	National Disaster Relief and Recovery Arrangements. A joint funding initiative of the Australian and state governments to provide disaster relief and recovery payments and infrastructure restoration to help communities recover from the effects of natural disasters.
<b>Operational Plan</b>	The Operational Plan is the detail of the Corporate Plan. It shows what projects, services and activities are current for the financial year and the performance report.
<b>Operational expenditure</b>	Money spent on the ongoing costs of running council and its services.
<b>Open Space and Recreation Plan</b>	Evaluates existing council-managed open space, sport and recreation facilities and provides a united vision for future planning and development. Under review.
<b>PCYC</b>	Police-Citizens Youth Club
<b>Policy</b>	A statement, formally adopted by council or the chief executive officer that describes the council's position on a particular issue.
<b>R2R</b>	Roads to Recovery, an Australian Government infrastructure investment program.
<b>RADF</b>	Regional Arts Development Fund
<b>REMPAN</b>	A web-based tool providing detailed demographic, economic and community data for businesses and community groups.
<b>SES</b>	State Emergency Service
<b>Stakeholder</b>	A person or organisation with an interest in the outcome or output or is affected by services, activities, policies, services, programs, or strategies.
<b>TIDS</b>	Transport Infrastructure Development Scheme
<b>YouthInc</b>	Council's youth development service, based in Blackwater.

# CALENDAR OF EVENTS

## JULY 2015

- National Tree Day community planting
- NAIDOC Week celebrations

## AUGUST 2015

- Arts in August
- Central Highlands Multicultural Festival
- Senior's Week
- Relay for Life

## SEPTEMBER 2015

- Disability Action Week

## JANUARY 2016

- Australia Day festivities in Blackwater, Capella, Emerald and Rolleston

## FEBRUARY 2016

- Central Highlands Sports Forum
- Mud Run

## MARCH 2016

- Clean Up Australia Day events region-wide
- International Women's Day Morning Tea
- Sister City Kite Flying Day





There's always something happening in the Central Highlands. Saddle up for rodeo and campdraft season, have a flutter at the racetrack, kick back at our cultural and arts events and join the community for the traditional national celebration days.

### OCTOBER 2015

- Central Highlands Business Excellence Awards
- Garage Sale Trail
- Australia Japan Friendship Park Opening (Japan)

### NOVEMBER 2015

- Emerald Art Awards
- CHRC Race Day

### DECEMBER 2015

- Light Up Your Town – Christmas light competition

### APRIL 2016

- ANZAC Day ceremonies

### MAY 2016

- March against domestic violence
- Volunteer Week
- Springsure Show
- Capella Show

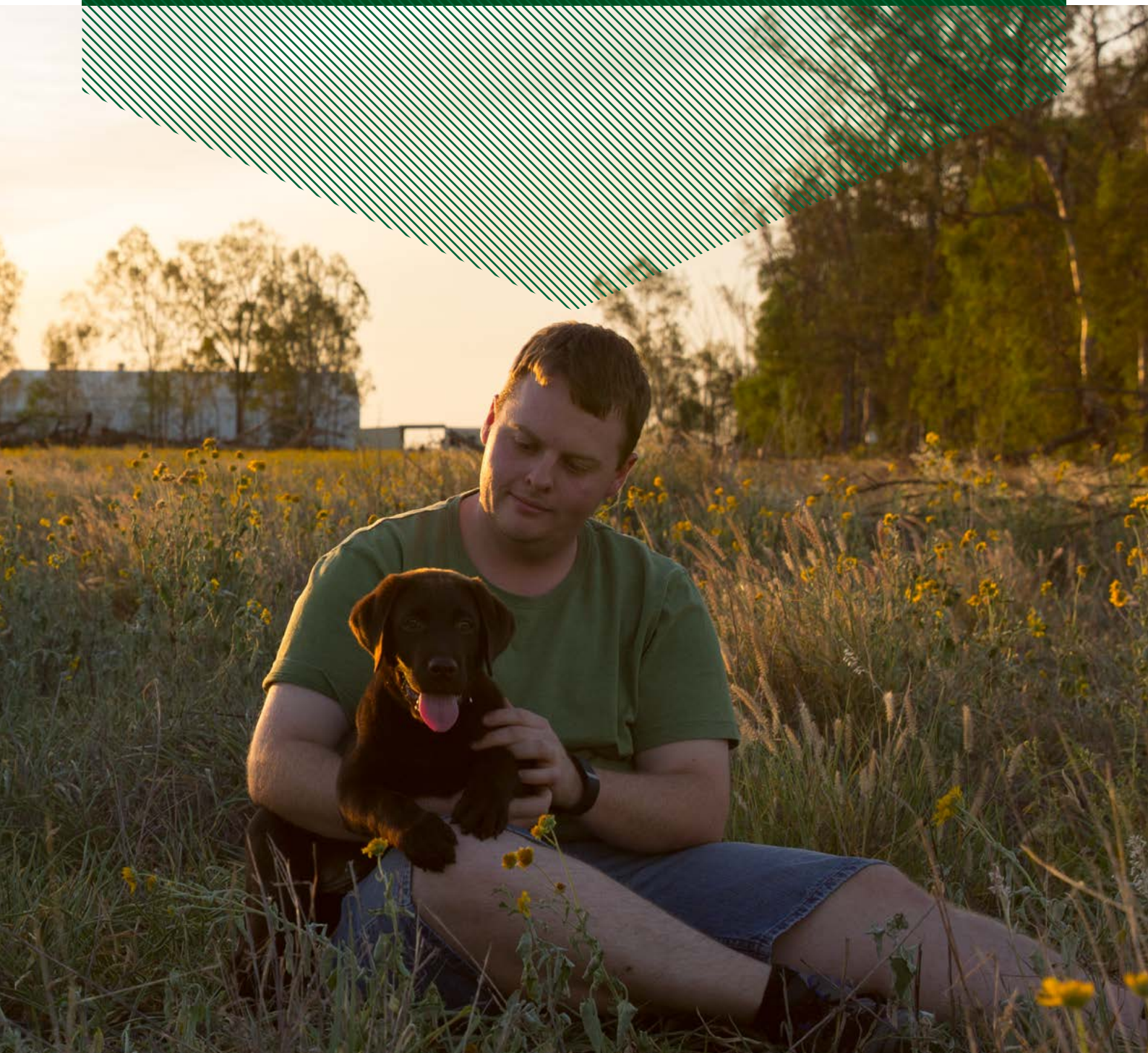
### JUNE 2016

- Business Breakfast: Beyond the Boom
- Queensland Week
- Emerald Show

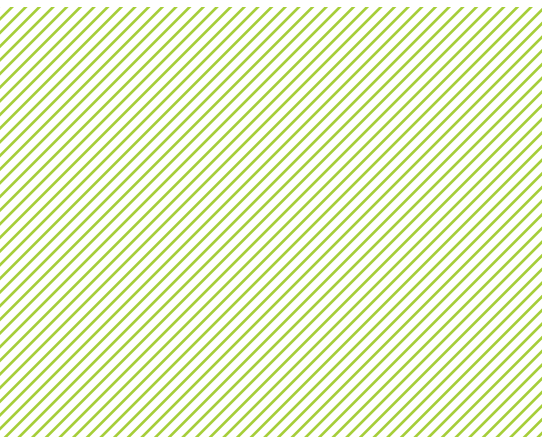




# COMMUNITY FINANCIAL REPORT



# COMMUNITY FINANCIAL REPORT



The Community Financial Report contains a summary and analysis of Central Highlands Regional Council's financial performance and position for the financial year.

The four key financial statements include:

- statement of comprehensive income
- statement of financial position
- statement of changes in equity
- statement of cash flows

## Statement of comprehensive income

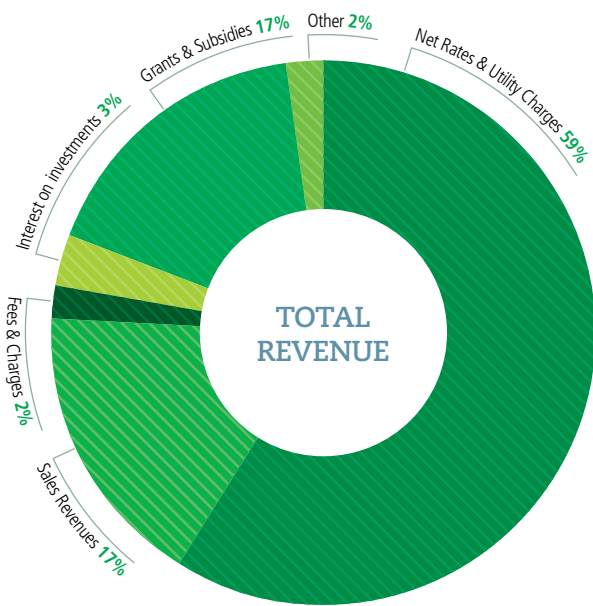
The statement of comprehensive income measures how we performed in relation to income and expenses during the year.

This result shown below does not necessarily represent surplus funds available for general use. Some revenue recorded is non-monetary. For example, contributed infrastructure assets such as roads, sewerage mains and water mains constructed by developers in new land subdivisions on council's behalf.

Other revenue is constrained for use on specific future activities. For example, for contributions provided by developers or grants used to maintain or expand the region's infrastructure.

Other revenue relates to grants specifically used to provide improved capital assets, such as road or water infrastructure or other community assets.

2015-16 Result		\$
Total Revenue	137 754 988	
Less Total Expenses	113 074 961	
<b>Net Result</b>	<b>24 680 027</b>	

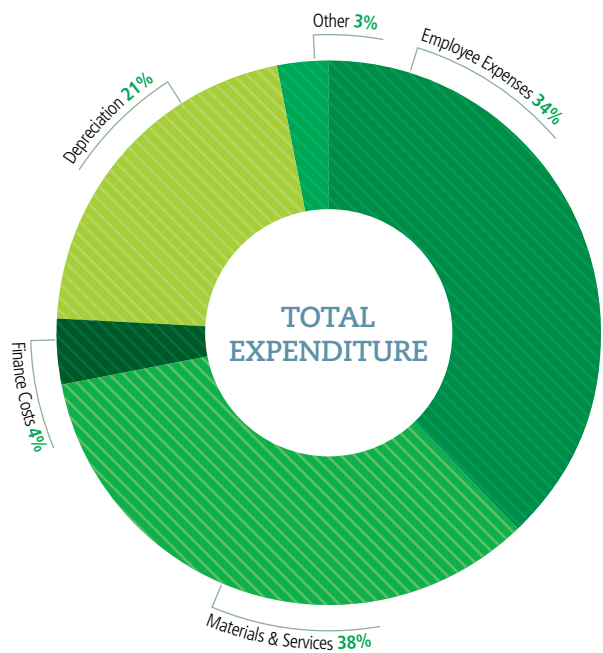


**Total revenue**

**WHERE OUR MONEY COMES FROM**

We had a total income of \$138 M during the twelve months ending 30 June 2016.

The total revenue graph shows that 59% of our revenue was generated from rates and 17% was received as grants and subsidies.



**Total expenses**

**WHERE OUR MONEY IS SPENT**

To provide services to the community we incur operating and capital expenditure. Capital expenditure is added to the carrying value of council's assets as it maintains, improves or expands council's asset base. The graph above shows the components of operating expenditure only.

Our expenditure is monitored constantly throughout the year. Detailed estimates are prepared at the beginning of each financial year and performance is measured against these estimates through regular budget reviews, ensuring funds are utilised as efficiently as possible.

While our operating costs amounted to \$113 M, we also spent \$50 M on capital projects throughout the year.

## Statement of financial position

The statement of financial position measures what we own and owe at the end of the financial year. The result determines the net wealth of the council, which is net wealth of the community.

Our community's net worth (what we own less what we owe) at the end of the financial year was \$1.25 billion.

2015-16 Result	\$M
Assets (What we Own)	1344
Liabilities (What we Owe)	98
Equity (Community Wealth)	1246

### Assets

Collective property, plant and equipment make up 88% of our total asset base. The bulk of these are infrastructure assets, such as roads, drainage, water and sewerage. Each year, significant expenditure is focussed on maintaining and upgrading these infrastructure assets.

### Liabilities

The bulk of our liabilities are loans, provisions or other employee entitlements, which collectively represent 88% of our total liabilities.

We use loans to finance certain capital projects to ensure intergenerational equity in the allocation of costs. That is, to ensure future residents also contribute to their fair share of the cost of constructing these long-life assets. Our outstanding debt at year end was approximately \$65 M.

Provisions include future expenses relating to employee entitlements, such as long service leave owing to employees as well as amounts set aside for future rehabilitation of waste and quarry sites.

## Statement of changes in equity

The statement of changes in equity measures our change in net wealth from year to year and considers such items as retained earnings, revaluation of our asset base and reserves held for future capital works.

A portion of our community's wealth is cash backed by an appropriate level of reserves held to plan for future projects.

Planned well, this places less reliance on borrowings and provides flexibility to ensure we can weather any unforeseen financial shocks or adverse changes in business.

## Statement of cash flow

This statement identifies how we received and spent our money during the year.

The final balance shows the cash available at year end.

2015-16 Cash Flows	\$
Opening Balance 1 July 2015	106 530 349
Cash Received	142 605 107
Cash Spent	184 181 704
Closing Balance 30 June 2015	64 953 752
Other Cash Investments Held	61 901 765
<b>Total Cash Assets</b>	<b>126 855 517</b>

The total cash assets at 30 June 2016 is \$127 M.

It is important to note that a large portion of this amount is restricted for specific purposes, such as future capital works. The total cash balance decreased slightly in 2015-16, which reflects an increase in receivables or money owing to council, such as GST recoverable.

Looking forward, our short and long-term cash flows indicate that sufficient cash is available to meet recurring activities and capital expenditure.

## Sustainability

Each year we review our long-term forecasting to ensure that it maintains a strong financial position. The current position allows us to meet our future obligations and demands of the community.

We ended the 2015-16 financial year in a strong financial position, which provides a base to maintain a level of sustainability in the long-term.

This is supported by an analysis of the local government sustainability indicators detailed below.

	Operating Surplus Ratio	Asset Sustainability Ratio	Net financial liabilities ratio
Target	<i>Between 0% and 10%</i>	<i>Greater than 90%</i>	<i>Not Greater than 60%</i>
30 June 2016 (Actuals)	10.59%	133.6%	-51.78%
30 June 2017	5.20%	108.00%	-62.00%
30 June 2018	4.90%	93.00%	-39.00%
30 June 2019	4.20%	93.00%	-32.00%
30 June 2020	3.90%	80.00%	-36.00%
30 June 2021	4.60%	92.00%	-39.00%
30 June 2022	5.30%	115.00%	-38.00%
30 June 2023	5.60%	91.00%	-42.00%
30 June 2024	6.90%	97.00%	-47.00%
30 June 2025	8.70%	105.00%	-53.00%

## Definitions and explanation

### OPERATING SURPLUS RATIO

Measures the operating position of council to ensure that revenues cover operational expenses and provide funding sources for capital purposes. The target range for this measure is between 0% and 10%; in other words there should be a positive result. Council retains a positive result throughout each of the future ten years.

### ASSET SUSTAINABILITY RATIO

Measures the percentage of spending on works that replace existing assets. It measures whether council is balancing the need to maintain and replace existing assets while meeting growth demands.

The industry benchmark is to achieve a result of at least 90% and our average over the next ten years is well above this target.

### NET FINANCIAL LIABILITIES RATIO

An indicator of the extent to which the net financial liabilities of council can be serviced by its operating revenues. The benchmark established for the local government sector is a maximum of 60% and results higher than this indicate that the flexibility to use debt to fund future projects may be restricted. Our result is well within the guidelines and gives us a level of flexibility for the future funding of community projects.

The financial statements and the sustainability ratios indicate that we have concluded the financial year in a strong financial position. We have sufficient money to cover our present and foreseeable future obligations.

We will continue our commitment to sound financial management through long-term financial planning to ensure a sustainable region.





# FINANCIAL STATEMENTS



## CENTRAL HIGHLANDS REGIONAL COUNCIL

### Financial Statements

For the year ended 30 June 2016

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## CENTRAL HIGHLANDS REGIONAL COUNCIL

Statement of Comprehensive Income  
For the year ended 30 June 2016

	Note	2016 \$	2015 \$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates and levies	3 (a)	80,508,843	78,330,436
Sale of goods and major services	3 (b)	10,884,407	10,254,747
Fees and charges		2,806,316	2,960,446
Rental and levies		961,320	1,133,413
Interest received		4,365,696	4,307,097
Sales of contract and recoverable works		13,032,953	4,694,321
Other recurrent income		1,107,269	1,674,074
Grants, subsidies, contributions and donations	4 (a)	9,409,795	11,838,361
Proceeds from sales of land developed for resale		-	760,157
Total operating revenue		<u>123,076,599</u>	<u>115,953,052</u>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4 (b)	14,215,568	19,009,432
		<u>14,215,568</u>	<u>19,009,432</u>
Total revenue		<u>137,292,167</u>	<u>134,962,484</u>
<b>Capital income</b>	5	<u>462,821</u>	<u>35,765</u>
Total income		<u>137,754,988</u>	<u>134,998,249</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	(38,445,359)	(36,494,618)
Materials and services	7	(43,019,949)	(37,959,079)
Current cost of developed land sold		-	(396,872)
Finance costs	8	(4,099,258)	(3,282,005)
Depreciation	14	(24,481,035)	(24,117,836)
Total operating expenses		<u>(110,045,601)</u>	<u>(102,250,410)</u>
<b>Capital expenses</b>	9	<u>(3,029,360)</u>	<u>(14,416,500)</u>
Total expenses		<u>(113,074,961)</u>	<u>(116,666,910)</u>
<b>Net result</b>		<u>24,680,027</u>	<u>18,331,339</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase in asset revaluation surplus	19	(194,966,172)	21,341,662
<b>Total other comprehensive income</b>		<u>(194,966,172)</u>	<u>21,341,662</u>
<b>Total comprehensive income for the period</b>		<u>(170,286,145)</u>	<u>39,673,001</u>

The above statement should be read in conjunction with the accompanying notes and Summary of Significant Accounting Policies.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

## Statement of Financial Position

As at 30 June 2016

	Note	2016 \$	2015 \$
<b>Current Assets</b>			
Cash assets and cash equivalents	10	64,953,752	106,530,349
Cash Investments	13	61,901,765	20,759,480
Trade and other receivables	11	26,794,874	24,183,400
Inventories	12	7,744,457	8,911,898
		<u>161,394,848</u>	<u>160,385,127</u>
<b>Non-current Assets</b>			
Equity investments		18,995	27,135
Property, plant and equipment	14	1,182,089,130	1,355,130,583
		<u>1,182,108,125</u>	<u>1,355,157,719</u>
<b>TOTAL ASSETS</b>		<u>1,343,502,973</u>	<u>1,515,542,846</u>
<b>Current Liabilities</b>			
Trade and other payables	16	16,415,538	15,522,939
Provisions	17	3,539,512	2,897,467
Borrowings	18	3,631,710	3,316,569
Other		360,317	113,364
		<u>23,947,077</u>	<u>21,850,339</u>
<b>Non-current Liabilities</b>			
Trade and other payables	16	5,703	7,810
Provisions	17	12,057,862	12,280,571
Borrowings	18	61,653,017	65,278,667
		<u>73,716,582</u>	<u>77,567,048</u>
<b>TOTAL LIABILITIES</b>		<u>97,663,659</u>	<u>99,417,387</u>
<b>NET COMMUNITY ASSETS</b>		<u>1,245,839,314</u>	<u>1,416,125,459</u>
<b>Community Equity</b>			
Asset revaluation surplus	19	290,971,978	485,938,150
Retained surplus (deficiency)	20	836,311,445	810,623,159
Reserves	21	118,555,891	119,564,150
<b>TOTAL COMMUNITY EQUITY</b>		<u>1,245,839,314</u>	<u>1,416,125,459</u>

The above statement should be read in conjunction with the accompanying notes and Summary of Significant Accounting Policies.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Statement of Changes in Equity  
For the year ended 30 June 2016

	Note	Total		Retained surplus (deficit) Note 20		Reserves Note 21		Asset revaluation surplus Note 19	
		2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
<b>Balance at beginning of period</b>		<b>1,416,125,459</b>	<b>1,376,452,459</b>	<b>810,623,159</b>	<b>801,841,525</b>	<b>119,564,150</b>	<b>110,014,446</b>	<b>485,938,150</b>	<b>464,596,488</b>
Net result		<b>24,680,027</b>	<b>18,331,339</b>	<b>24,680,027</b>	<b>18,331,339</b>	-	-	-	-
Other comprehensive income for the period									
Revaluations:									
Property, plant & equipment	14	(195,532,413)	24,927,840	-	-	-	-	(195,532,413)	24,927,840
Change in value of future of rehabilitation costs	19	566,241	(3,586,178)	-	-	-	-	566,241	(3,586,178)
<b>Total comprehensive income for period</b>		<b>(170,286,145)</b>	<b>39,673,000</b>	<b>24,680,027</b>	<b>18,331,339</b>	<b>(194,966,172)</b>	<b>(194,966,172)</b>	<b>(194,966,172)</b>	<b>21,341,662</b>
Transfers (to) from retained earnings and externally restricted capital reserves	20	-	-	6,482,502	3,523,812	(6,482,502)	(3,523,812)	-	-
Transfers (to) from retained earnings and internally allocated capital reserves	20	-	-	(5,600,127)	(13,096,271)	5,600,127	13,096,271	-	-
Transfers (to) from retained earnings and externally restricted operating reserves	20	-	-	65,884	42,754	(65,884)	(42,754)	-	-
Transfers (to) from retained earnings and internally allocated operating reserves	20	-	-	60,000	(20,000)	(60,000)	20,000	-	-
<b>Balance at end of period</b>		<b>1,245,839,314</b>	<b>1,416,125,459</b>	<b>836,311,445</b>	<b>810,623,159</b>	<b>118,555,891</b>	<b>119,564,150</b>	<b>290,971,978</b>	<b>485,938,150</b>

The above statement should be read in conjunction with the accompanying notes and Summary of Significant Accounting Policies.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

## Statement of Cash Flows

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
<b>Cash flows from operating activities :</b>			
<b>Receipts</b>			
Receipts from customers		115,468,423	111,244,402
Operating grants, subsidies and contributions		9,399,705	14,269,956
Interest received		4,203,737	4,225,668
Proceeds from sales of land developed for resale		-	760,157
<b>Payments</b>			
Payments to suppliers and employees		(84,800,957)	(83,201,023)
Interest expense		(3,515,188)	(2,901,809)
<b>Net cash inflow (outflow) from operating activities</b>	27	<u>40,755,720</u>	<u>44,397,351</u>
<b>Cash flows from investing activities:</b>			
Commonwealth government grants		6,328,574	1,582,333
State Government subsidies & grants		5,444,911	13,360,575
Other Non-Government Subsidies		126,000	3,818
Capital contributions		883,274	902,313
Payments for property, plant and equipment		(51,420,907)	(59,899,795)
Payments for equity investments		8,141	(820)
Net transfer (to) from cash investments		(41,142,285)	(20,759,480)
Proceeds from sale of equity investments		2,200	155,944
Proceeds from sale of property plant and equipment		748,283	334,840
Net movement in loans to community organisations		-	11,400
<b>Net cash inflow (outflow) from investing activities</b>		<u>(79,021,809)</u>	<u>(64,308,872)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings	18	-	17,000,000
Repayment of borrowings	18	(3,310,508)	(2,672,038)
<b>Net cash inflow (outflow) from financing activities</b>		<u>(3,310,508)</u>	<u>14,327,962</u>
<b>Net increase (decrease) in cash and cash equivalents held</b>		<u>(41,576,597)</u>	<u>(5,583,559)</u>
Cash and cash equivalents at beginning of the financial year		106,530,349	112,113,908
<b>Cash and cash equivalents at end of the financial year</b>	10	<u><b>64,953,752</b></u>	<u><b>106,530,349</b></u>

*The above statement should be read in conjunction with the accompanying notes and Summary of Significant Accounting Policies.*

**CENTRAL HIGHLANDS REGIONAL COUNCIL**

Notes to the Financial Statements  
For the year ended 30 June 2016

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**1 Significant accounting policies****1.1 Basis of preparation**

These general purpose financial statements are for the period 1 July 2015 to 30 June 2016 and have been prepared in compliance with the requirements of the Local Government Act 2009 and the Local Government Regulation 2012. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for the following:

- financial assets and liabilities, certain classes of property, plant and equipment which are measured at fair value;
- assets held for sale which are measured at fair value less cost of disposal.

**Recurrent/capital classification**

Revenue and expenditure are presented as "recurrent" or "capital" in the Statement of Comprehensive Income on the following basis:

Capital Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers.

The following transactions are classified as wither "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses:

- disposal of non-current assets;
- discount rate adjustments to restoration provisions;
- revaluations of property, plant and equipment.

All other revenue and expenses have been classified as "recurrent."

**1.2 Statement of compliance**

The Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

**1.3 Constitution**

The Central Highlands Regional Council is constituted under the Queensland Local Government Act 2009 and is domiciled in Australia.

**1.4 Date of authorisation**

The financial statements are authorised for issue on the date it was submitted to the Auditor-General for final signature. This is the date the management certificate is signed.

**1.5 Currency**

The Council uses the Australian dollar as its functional currency and its presentation currency.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2016

**1. 6 Adoption of new and revised Accounting Standards**

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

Central Highlands Regional Council has not applied any Australian Accounting Standards and interpretations that have been issued, but are not yet effective, with the exception of AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Generally Council applies standards and interpretations in accordance with their respective commencement dates. The retrospective application of AASB 2015-7 has exempted Council from the disclosure of quantitative information and sensitivity analysis for some valuations categorised within Level 3 of the fair value hierarchy.

At the date of authorisation of the financial report, the new and amended Australian Accounting Standards, with future commencement dates, are not likely to have a material impact on the financial statements. Although not expected to be material, the following statements may have an impact and are summarised below:

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets and Council will be required to measure its financial assets at fair value. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

Council is still reviewing the way that revenue is measured and recognised to identify whether AASB 15 *Revenue from Contracts with Customers* will have a material impact. To date no impact has been identified. AASB 15 is effective from 1 January 2017 and will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to Council which means that council will disclose more information about related parties and transactions with those related parties.

In summary, at the date of authorisation of the financial statements, the following Standards and Interpretations, which may impact Council, were in issue, but were not yet effective:

	Effective for annual report periods beginning on or after:
AASB 9 <i>Financial Instruments (December 2009)</i>	1 January 2018
AASB 15 <i>Revenue from Contracts with Customers</i>	1 January 2017
AASB 16 <i>Leases</i>	1 January 2019
AASB 1057 <i>Application of Australian Accounting Standards</i>	1 January 2016
AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> [AASB 10, AASB 124 & AASB 1049]	1 July 2016



## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2016

**1. 7 Critical accounting judgements and key sources of estimation uncertainty**

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Judgements, estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

- Valuation and depreciation of property, plant and equipment - note 1.10 and note 15.
- Impairment of property, plant and equipment - note 1.11 and note 14.
- Provisions - note 1.13 and 1.15 and note 17.
- Contingencies - note 24.

**1. 8 Revenue****(a) Rates and levies**

Where rate monies are received prior to the commencement of the rating/levying period, the amount is recognised as revenue in the period in which they are received, otherwise rates are recognised at the commencement of the rating period.

**(b) Grants and subsidies**

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. An equivalent amount is transferred from retained earnings to the relevant reserve until the funds are expended. Unspent non-reciprocal capital grants are placed in the Constrained grants, subsidies and contributions reserve.

Council has not spent all recurrent grants received in the year and therefore a reserve has been established for this purpose named Recurrent (Constrained) Projects Reserve.

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.

**(c) Non-cash contributions**

Non-cash contributions with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

Physical assets contributed to Council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when the development becomes "on maintenance" (i.e. the Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition

**(d) Cash contributions**

Developers also pay infrastructure charges for trunk infrastructure, such as pumping stations, treatment works, mains, sewers and water pollution control works. These infrastructure charges are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with them. Consequently, the infrastructure charges are recognised as income when received.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2016

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**1. 8 Revenue (continued)****(e) Sales of Goods and Major Services**

Sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the goods.

The council generates revenues from a number of services including Airport, Quarry, Saleyards and contracts for road and earthworks. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity.

Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

**1. 9 Financial assets and liabilities**

Council recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, Council becomes a party to the contractual provisions of the instrument.

Central Highlands Regional Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

*Financial assets*

Cash and cash equivalents (note 10).

Receivables - measured at amortised cost less any impairment (note 11).

Cash Investments (note 13).

*Financial liabilities*

Payables - measured at amortised cost (note 16).

Borrowings - measured at amortised cost (note 1.14).

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied.

Central Highlands Regional Council does not recognise financial assets or financial liabilities at fair value in the Statement of Financial Position.

All other disclosures relating to the measurement and financial risk management of financial instruments are included in note 30.

**1. 10 Property, plant and equipment**

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment and infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. Where an item of capital expenditure relates to a network asset and is has a future economic benefit, then it will be recognised as a asset regardless of the \$10,000 threshold. Network assets are defined as assets they are interconnected and rely on each other to provide a service. All other items of property, plant and equipment are capitalised if their cost exceeds the \$10,000 threshold and provide a future economic benefit.

The classes of property plant and equipment recognised by the council are reported in note 14.

**(a) Acquisition of assets**

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2016

**1. 10 Property, plant and equipment (continued)****(a) Acquisition of assets (continued)**

Property, plant and equipment received in the form of physical contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

**(b) Capital and operating expenditure**

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

Expenditure incurred in accordance with Natural Disaster Relief and Recovery Arrangements (NDRRA) on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditure requires Council engineers to review the nature and extent of expenditure on a given asset. For example, expenditure that patches a road is generally maintenance in nature, whereas a kerb to kerb rebuild is treated as capital. Material expenditure that extends the useful life or renews the service potential of the asset is capitalised.

**(c) Valuation**

Land and improvements, buildings, major plant and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 Property, Plant & Equipment. Other plant and equipment and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 to 5 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

In the intervening years, Council uses internal engineers to assess the condition and cost assumptions associated with all property, plant and equipment assets, the results of which are considered in combination with the table of Indices sourced from the independent valuation firm, Asset Val Pty Ltd. Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years.

In the intervening years, management may also engage the independent valuation firm, Asset Val Pty Ltd, to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life and condition rating. The valuer then determines suitable indices which are applied to each of the asset classes.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2016

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**1. 10 Property, plant and equipment (continued)****(c) Valuation (continued)**

An analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and key assumptions used are disclosed in Note 15.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the asset revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus of that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

**(d) Capital work in progress**

The cost of property, plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.

**(e) Depreciation**

Land is not depreciated as it has an unlimited useful life. Depreciation on Buildings, Site Improvements, Furniture and Fittings, Heritage and Cultural and Plant and Equipment assets is calculated on a straight-line basis so as to write-off the net cost of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of these assets.

All Council Infrastructure assets are currently depreciated using the consumption based methodology, based on the condition of the asset. Depreciation is calculated at the same rate each year but if the condition of these assets improves or deteriorates then the depreciation will adjust accordingly. As the condition is adjusted the allocated valuation pattern changes which revises the remaining useful live and written down value of these assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is commissioned ready for use.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Council.

Depreciation methods, estimated useful lives and residual values (where applicable to the asset class) of property, plant and equipment assets, are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date.

Details of the range of estimated useful lives for each class of asset are shown in note 14.

**CENTRAL HIGHLANDS REGIONAL COUNCIL**

Notes to the Financial Statements  
For the year ended 30 June 2016

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**1. 10 Property, plant and equipment (continued)****(f) Land under roads**

Land under roads acquired before 30 June 2008 is recognised as a non-current asset where the Council holds title or a financial lease over the asset. The Central Highlands Regional Council currently does not have any such land holdings.

Land under the road network within the Council area that has been dedicated and opened for public use under the Land Act 1994 or the Land Title Act 1994 is not controlled by council but is controlled by the state pursuant to the relevant legislation.

**1. 11 Impairment of non current assets**

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.

**1. 12 Leases**

Council has leases for plant and equipment and rental arrangements which are classified as operating leases. As the lessor has substantially all the risks and benefits in these arrangements, Council accounts for the lease payments by expensing them in equal instalments over the accounting period covered by the lease term.

**1. 13 Liabilities - employee benefits****(a) Salaries and wages**

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is included in note 16 as a payable.

**(b) Annual leave**

A liability for annual leave is recognised. Amounts expected to be settled within 12 months (the current portion) are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months (the non-current portion) are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 16 as a payable.

As Council does not have an unconditional right to defer this liability beyond 12 months all annual leave is classified as a current liability.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2016

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**1. 13 Liabilities - employee benefits (continued)****(c) Superannuation**

The superannuation expense for the reporting period is the amount of the contribution the local government makes to the superannuation plan which provides benefits to its employees.

Details of those arrangements are set out in note 25.

**(d) Long service leave**

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability.

Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value.

The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value.

This liability is reported in note 17 as a provision.

Where employees have met the prerequisite length of service and council does not have an unconditional right to defer the liability beyond 12 months, long service leave is classified as a current liability. Otherwise it is classified as non-current.

**1. 14 Borrowings**

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost.

In accordance with the Local Government Regulation 2012 council adopts an annual debt policy that sets out council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset.

Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

All borrowing costs are expensed in the period in which they are incurred. No borrowing costs are capitalised on qualifying assets.

**1. 15 Restoration provision**

A provision is made for the cost of restoration in respect of refuse dumps and quarries where it is probable the Council will be liable, or required, to incur such a cost on the cessation of use of these facilities.

The provision is measured at the expected cost of the work required, discounted to current day values using the interest rates attaching to Commonwealth Government guaranteed securities with a maturity date corresponding to the anticipated date of the restoration.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2016

**1. 15 Restoration provision (continued)**

The following accounting treatments apply depending on whether the site is on Council controlled land or on land which is not controlled by Council:

**(i) Restoration on land not controlled by Council**

Where the restoration site is on State reserves or private land which the council does not control, the cost of the provisions for restoration of these sites has to be treated as an expense in the year the provision is first recognised. Changes in the provision due to either time, discount rate or expected future cost are treated as an expense or income in the reporting period in which they arise.

**(ii) Restoration on land controlled by Council**

Restoration sites that are situated on Council controlled land are classified as land and improvement assets. The provision for restoration is, therefore, included in the cost of the land and amortised over the expected useful life. Changes in the provision not arising from the passing of time are added to or deducted from the asset revaluation surplus for land. If there is no available revaluation surplus, increases in the provision are treated as an expense and recovered out of future decreases (if any).

Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

Council has the following restoration provisions:

**(a) Refuse sites**

Refuse sites are situated on Council controlled land. The provision represents the present value of the anticipated future costs associated with the closure of the refuse sites, decontamination and monitoring of historical residues and leaching on these sites.

The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred.

The provision recognised for refuse sites is reviewed at least annually and updated based on the facts and circumstances available at the time.

**(b) Quarry sites**

Quarry sites are not situated on Council controlled land. The provision represents the present value of the anticipated future costs associated with the closure of the quarry site, reclamation and rehabilitation of the site.

The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for quarry sites rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time.

The largest quarry is Shepton quarry and management estimates that the restoration will be progressive and commence in 2017 and conclude in 2091.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2016

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**1. 16 Asset revaluation surplus**

The asset revaluation surplus comprises adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the asset revaluation surplus.

Increases and decreases on revaluation are offset within a class of assets.

Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense.

When an asset is disposed of, the amount reported in surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

**1. 17 Reserves held for funding future expenditure**

Council's cash and cash equivalents, including cash investments, are subject to a number of external restrictions and internally determined allocations that limit the amount that is available for discretionary or future use. Council accounts for these restrictions using a system of reserves. These restrictions are disclosed in Note 10.

Reserves are classified as either capital or operating and function as follows:

**(a) Capital Reserves:**

Council's capital reserves represent both externally restricted and internally determined allocated funds, from revenue sources, that are accumulated to meet anticipated future capital asset funding requirements. In each case the amount relates to a perceived future requirement which is not currently a liability. These reserves operate as follows:

**(i) Externally restricted****Constrained grants and subsidy contributions reserve**

The amounts reported in this reserve at balance date correspond to the amount of cash which has been received in respect of capital works where the required capital works have not yet been carried out. Where non-reciprocal grants, subsidies and contributions are received for specific capital projects, amounts equivalent to the capital grants received are transferred from retained surplus to the constrained works reserve. When the grant monies are expended on the respective projects, an equivalent amount is transferred out of the constrained works reserve to retained surplus. The Council does not reallocate amounts in this reserve to any other reserve or for any other purpose.

**Special rates reserve**

This reserve consists of the proceeds of special rates collected that remain unspent from one year to the next. These funds could be used for operating or capital expense purposes depending on the source of funds. This reserve relates to specific roads near the following mines: Gregory Mine, Kestrel Mine, Capcoal and Oaky Creek.

**Tieri Township reserve**

This reserve consists of the proceeds of special rates, general rates and utility charges (waste, water and sewer) collected, that remain unspent from year to year. These funds could be used for operating or capital expense purposes depending on the source of funds.

**(ii) Internally allocated****Future capital asset sustainability reserve**

Where the council has accumulated unspent cash arising from the funding of depreciation, but this cash has not been reinvested in capital assets at the reporting date; the council restricts the future use of this cash to capital asset purchases only, to ensure the maintenance its capital capacity to deliver future services. The amounts reported in this reserve at balance date correspond to the amount of cash that is held for this purpose.



## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2016

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**1. 17 Reserves held for funding future expenditure - Internally allocated (continued)****Unspent loan cash reserve**

This reserve consists of the proceeds of loan borrowings unspent from a prior financial year for future capital works.

**Land and improvements reserve**

This reserve consists of funds set aside from the development and sale of land. These funds will generally be used to fund development works of new land developments prior to their sale and for other strategic works determined as a priority for Council which are of a capital nature).

**Aged housing reserve**

This reserve consists of funds set aside for the future operation and replacement of retirement facilities across the Council area. Generally surplus proceeds from the operation of these facilities will be added to this reserve on an annual basis.

**Plant and equipment reserve**

This reserve consists of funds set aside for the future replacement of Council's plant fleet.

**Water reserve**

This reserve consists of funds set aside for the future replacement of water related assets across the Council area. Generally any surplus generated by the water business, after allowing for operating and capital expenses, will be added to this reserve on an annual basis.

**Sewerage reserve**

This reserve consists of funds set aside for the future replacement of sewer related assets across the Council area. Generally any surplus generated by the sewer business, after allowing for operating and capital expenses, will be added to this reserve on an annual basis.

**Facilities (Business Units) reserve**

This reserve consists of funds set aside for the future replacement of Quarry, Aerodrome and Saleyards related assets. It also relates to funds set aside for future works on strategic road links to the Shepton Quarry. Generally, any surplus generated by the business units of Saleyards, Aerodrome and Quarry, after allowing for operating and capital expenses and a return on capital/dividend payment to Council, will be added to this reserve on an annual basis.

**Carry over capital projects reserve**

This reserve consists of funds set aside from capital works projects not completed in a previous financial year and remain unallocated. These funds will be used to fund future capital works.

**Future Fund reserve**

This reserve consists of funds set aside for future strategic capital works that are determined a priority by Council. Generally, 20% of general rates collected from the 12 coal mining categories will be added to this reserve on an annual basis.

**Special Projects reserve**

This reserve consists of funds generated from the collection of general rates from non-owner occupier properties and set aside for future special operating projects or capital projects that are determined a priority by Council.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2016

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**1. 17 Reserves held for funding future expenditure (continued)****(b) Operating Reserves:**

Council's operating reserves represent externally restricted and internally determined allocated funds that are accumulated within the Council to meet anticipated future recurrent or operating expenditure needs. In each case the amount relates to a perceived future requirement which is not currently a liability. These reserves operate as follow:

**(i) Externally restricted****Recurrent projects (Constrained) reserve**

This reserve holds operational grants and contributions that were unspent at balance date.

**Prepaid grants reserve**

This reserve holds any prepaid Financial Assistance Grants paid to Council and advance payments from QLDRA for NDRRA Emergent Works submissions.

**(ii) Internally allocated****Elections reserve**

This reserve consists of funds set aside to offset the future costs of conducting general and bi-elections.

**1. 18 National competition policy**

The Council has reviewed its activities and has identified 6 activities that are business activities. Details of these activities can be found in note 31.

**1. 19 Rounding and comparatives**

The financial statements have been rounded to the nearest \$1.  
Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

**1. 20 Trust funds held for outside parties**

Funds held in the trust account on behalf of outside parties may include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

For details see note 26.

**1. 21 Taxation**

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

The Council pays payroll tax to the Queensland Government on certain activities.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

## 2 Analysis of Results by Function

### (a) Components of council functions

The activities relating to the Council's components reported on in Note 2 (b) are as follows :

#### Executive Management

As well as providing organisational leadership and oversight, the Executive Management function has responsibility for corporate communication, public affairs, governance, risk management and internal audit. The Mayor, Councillors and Chief Executive Officer are included in this function and the objective of this function is to be open and accountable and deliver community driven outcomes.

#### Corporate Services

The main function of Corporate Services is to provide finance, treasury, procurement, information technology, human resource management and asset management services across all of Council. The objective of the Corporate Services function is to provide accurate and timely financial information to enable Council to make sound informed decisions and meet all statutory requirements.

#### Communities

The primary goals and activities of the Communities function are:

- Provide well managed and maintained community facilities to ensure the effective delivery of cultural, health welfare, environment and recreational services to the community. This is achieved by carrying out activities related to, but not limited to: Libraries, Halls and Community Centres, environmental licences and approvals, public parks, youth and aged housing;
- Provide effective community engagement to provide Council with an opportunity to strengthen its relationship with the community and ensure a more effective decision making process by ensuring decisions reflect community needs and aspirations; and
- Facilitate growth and prosperity through well planned and quality developments, achieved by carrying out activities relating to regional planning and development approval processes.

#### Infrastructure and Utilities

The Infrastructure function is responsible for the maintenance and construction of Council's Road Network infrastructure. The primary objective of this function is to ensure that the Region is serviced by a high quality and effective road network.

#### Corporate Revenue & Expenses

This function has responsibility for the recognition of rates, corporate revenue, recoveries and corporate expenses that are not allocated to other specific function of Council. The goal of this function is to provide oversight of Council's corporate revenue and expenses.

#### Commercial Services Office

The commercial Services Office represents the activities relating to the executive oversight of Council's Business Units: Aerodrome, Quarries, Saleyards and also the Land Management activity. The objective of this function is to ensure Council's business units are operating effectively.

#### Saleyards

The Saleyards function is responsible for the provision and maintenance of saleyard facilities. The primary objective is to support local producers by providing efficient facilities to enable them to sell their livestock.

#### Aerodrome

This function is responsible for the operation and maintenance of Council's airport facilities across the region. The main goal of this function is to ensure the community is serviced with commercial air travel facilities and to enhance the regions accessibility and development potential.

#### Quarries

The primary objective of this function is to provide high quality products for road, civil and site works. This function is responsible for the operation and business support function of the quarries.

#### Waste Management

This function is responsible for the provision of Council's waste collection, recycling service and refuse tip facilities. The main goal of this function is to protect and support the community and natural environment by continually pursuing waste reduction, recovery and recycling initiatives.

#### Sewerage

This Sewerage function is responsible for the provision of Council's sewerage connection, collection, disposal and treatment services. The objective of this function is to support a healthy and safe community through sustainable sewerage services.

#### Water

This function is responsible for the provision of Council's water supply including quality measurement, connection and treatment services. The objective of this function is to support a healthy and safe community through sustainable water services.

Notes to the financial statements

For the year ended 30 June 2016

2 Analysis of results by function (continued)

(b) Income and expenses, defined between recurring and capital and assets, are attributed to the following programs:

Programs	Gross program income		Capital revenue		Total income	Gross program expenses		Total expenses	Operating surplus/(deficit) from recurrent operations	Net result for period	Assets
	2016	2016	2016	2016		2016	2016				
Executive Management	37,000	12,203	-	-	49,203	(4,635,802)	(4,635,802)	(4,586,599)	(4,586,599)	155,742,668	
Corporate Services	108,500	4,276,713	-	393,314	4,778,527	(4,482,479)	(4,482,479)	(97,266)	296,048	23,194,660	
Communities	345,878	2,484,620	1,896,963	(152,740)	4,574,721	(24,153,645)	(597,692)	(24,751,337)	(21,323,147)	(20,176,616)	
Infrastructure and Utilities	3,042,713	15,601,502	10,578,460	1,140,770	30,363,445	(41,868,894)	(1,599,498)	(43,468,392)	(23,224,679)	(13,104,947)	
Corporate Revenue & Expenses	5,837,780	52,198,837	-	-	58,036,617	218,291	-	218,291	58,254,908	58,254,908	
Commercial Services Office	-	16,052	-	-	16,052	(1,530,986)	(4,764)	(1,535,750)	(1,514,934)	(1,519,698)	
Saleyards	-	1,185,822	-	-	1,185,822	(1,003,656)	-	(1,003,656)	182,166	182,166	
Aerodrome	-	7,743,903	-	-	7,743,903	(5,342,268)	(5,342)	(5,347,610)	2,401,635	2,396,293	
Quarries	-	1,954,682	-	239,177	2,193,859	(1,875,836)	(436,896)	(2,312,732)	78,846	(118,873)	
Waste Management	7,000	6,768,066	-	-	6,775,066	(5,360,887)	-	(5,360,887)	1,414,179	4,700,756	
Sewerage	-	6,633,870	-	237,855	6,871,725	(6,044,048)	(308,329)	(6,352,377)	589,822	519,348	
Water	-	14,821,458	252,000	92,590	15,166,048	(13,965,391)	(76,839)	(14,042,230)	856,067	1,123,818	
<b>Total</b>	<b>9,378,871</b>	<b>113,697,728</b>	<b>12,727,423</b>	<b>1,950,966</b>	<b>137,754,988</b>	<b>(110,045,601)</b>	<b>(3,029,360)</b>	<b>(113,074,961)</b>	<b>13,030,998</b>	<b>24,680,027</b>	<b>1,343,502,973</b>

For the year ended 30 June 2015:

Programs	Gross program income		Capital revenue		Total income	Gross program expenses		Total expenses	Operating surplus/(deficit) from recurrent operations	Net result for period	Assets
	2015	2015	2015	2015		2015	2015				
Executive Management	197,988	83,301	-	-	281,289	(5,500,114)	-	(5,500,114)	(5,218,825)	(5,218,825)	153,876,314
Corporate Services	10,000	4,684,379	-	39,046	4,733,425	(5,333,955)	(309,327)	(5,643,282)	(639,576)	(909,857)	24,399,933
Communities	377,351	2,775,798	75,594	163,339	3,392,082	(18,597,106)	(1,819,619)	(20,416,725)	(15,443,957)	(17,024,643)	223,369,090
Infrastructure and Utilities	3,116,482	7,928,834	17,911,686	313,269	29,270,271	(36,433,488)	(6,469,393)	(42,902,861)	(25,388,152)	(13,632,590)	746,516,771
Corporate Revenue & Expenses	6,047,489	50,013,981	-	-	56,061,470	1,717,842	-	1,717,842	57,779,312	57,779,312	
Commercial Services Office	-	761,860	-	-	761,860	(905,523)	-	(905,523)	(143,663)	(143,663)	
Saleyards	-	993,617	-	-	993,617	(854,271)	(170,758)	(1,025,029)	139,346	(31,412)	
Aerodrome	-	7,921,160	-	-	7,921,160	(5,135,023)	(91,046)	(5,226,069)	2,786,137	2,695,091	
Quarries	-	1,339,970	-	(3,281)	1,336,689	(3,051,865)	(5,337,587)	(8,389,452)	(1,711,895)	(7,052,763)	
Waste Management	-	6,964,199	-	-	6,964,199	(5,298,274)	-	(5,298,274)	1,665,925	1,665,925	
Sewerage	-	7,291,795	-	233,020	7,524,815	(6,308,870)	(168,947)	(6,477,817)	982,925	1,046,998	
Water	-	15,444,848	108,000	204,524	15,757,372	(16,549,783)	(49,823)	(16,599,606)	(1,104,935)	(842,234)	
<b>Total</b>	<b>9,749,310</b>	<b>106,203,742</b>	<b>18,095,280</b>	<b>949,917</b>	<b>134,998,249</b>	<b>(102,250,410)</b>	<b>(14,416,500)</b>	<b>(116,666,910)</b>	<b>13,702,642</b>	<b>18,331,339</b>	<b>1,515,542,845</b>



## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

	2016	2015
Note	\$	\$
<b>3 Revenue analysis</b>		
<b>(a) Rates and levies</b>		
General rates	58,458,633	57,570,743
Special rates	4,044,730	1,278,986
Water	5,476,638	5,428,661
Water consumption	9,841,163	10,417,490
Sewerage	7,612,157	8,277,691
Waste management	6,239,827	6,349,623
Rates and utility charge revenue	91,673,148	89,323,194
Less: Discounts	(10,500,382)	(10,380,374)
Less: Pensioner remissions	(663,923)	(612,384)
Net rates and utility charges	<u>80,508,843</u>	<u>78,330,436</u>
<b>(b) Sale of goods and major services</b>		
Quarry materials	1,954,682	1,339,970
Airport charges	7,743,903	7,921,160
Saleyard services	1,185,822	993,617
Total sale of goods and major services	<u>10,884,407</u>	<u>10,254,747</u>
<b>4 Grants, subsidies, contributions and donations</b>		
<b>(a) Recurrent - grants, subsidies, contributions and donations are analysed as follows:</b>		
General purpose grants	8,692,587	8,927,236
Commonwealth subsidies and grants	42,510	-
State Government subsidies & grants	561,294	822,074
Donations	4,080	43,150
Contributions	109,324	2,045,901
Total recurrent revenue	<u>9,409,795</u>	<u>11,838,361</u>
<b>(b) Capital - grants, subsidies, contributions are analysed as follows:</b>		
<i>(i) Monetary revenue designated for capital funding purposes:</i>		
Commonwealth government grants	6,328,575	1,582,333
State Government subsidies & grants	6,398,849	16,512,947
Other Non-Government Contributions	126,000	3,818
Contributions (refer below for conditions)	901,130	910,334
	<u>13,754,554</u>	<u>19,009,432</u>
<i>(ii) Non-monetary revenue received:</i>		
Donations from third parties at fair value	44,819	-
Developer assets contributed by developers at fair value	416,195	-
	<u>461,014</u>	<u>-</u>
Total capital revenue	<u>14,215,568</u>	<u>19,009,432</u>
Conditions over capital contributions		
Non-reciprocal contributions (headworks) which were recognised as capital revenue during the reporting period and which were obtained on the condition that they be expended in a general specified manner by the contributor, but had not been expended at the reporting date:		
Contributions for Infrastructure	901,130	910,334
	<u>901,130</u>	<u>910,334</u>

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

		2016	2015
	Note	\$	\$
<b>5 Capital income</b>			
Gain on disposal of non-current assets		223,644	35,765
Change arising from revision of future restoration expenditure - Quarry		239,177	-
Total gain (loss) on the disposal of capital assets		<u>462,821</u>	<u>35,765</u>
<b>6 Employee benefits</b>			
Total staff wages and salaries		29,519,602	28,852,955
Councillor's remuneration		632,517	638,358
Annual, sick and long service leave entitlements		5,458,248	4,738,297
Superannuation	25	3,651,120	3,566,232
		<u>39,261,487</u>	<u>37,795,842</u>
Other employee related expenses		2,586,364	2,988,800
		<u>41,847,851</u>	<u>40,784,642</u>
Less : Capitalised employee expenses		(3,402,492)	(4,290,024)
Total employee benefits		<u>38,445,359</u>	<u>36,494,618</u>
Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.			
<b>Total Council employees at 30 June:</b>		<b>2016</b>	<b>2015</b>
		Actual FTE	Actual FTE
Elected members		9 9	9 9
Administration staff		226 207.64	225 205.81
Depot and outdoors staff		234 228.85	231 225.35
Total full time equivalent employees		<u>469 445.49</u>	<u>465 440.16</u>
<b>7 Materials and services</b>			
Audit of annual financial statements by the Auditor-General of Queensland		138,000	135,640
Internal Auditor Office		95,759	157,292
Administration Supplies, Insurance and Subscriptions		3,569,521	3,628,619
Consultants and Contractors and Other External services		12,651,752	12,541,815
Electricity, Water and Telephone		3,541,278	4,023,233
External Works Materials and Services		6,633,132	1,703,841
Grants, Precepts, Sponsorships and Donations		2,061,656	1,503,571
Land Development Selling and Operational Expenses		12,900	45,177
Legal Fees		702,281	312,790
Repairs, Maintenance and Operational expenses		13,500,576	13,800,503
Rentals - Operating leases		113,094	106,598
		<u>43,019,949</u>	<u>37,959,079</u>
<b>8 Finance costs</b>			
Finance costs charged by the Queensland Treasury Corporation		3,515,188	2,901,809
Bank charges		211,282	212,056
Impairment of receivables and bad debts written off		21,736	(37,080)
Rehabilitation of Refuse sites - change in PV over time		282,055	200,951
Rehabilitation of Quarry sites - change in PV over time		68,997	4,269
		<u>4,099,258</u>	<u>3,282,005</u>

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

		2016	2015
	Note	\$	\$
<b>9 Capital expenses</b>			
<b>Loss on write off of capital assets:</b>			
Buildings		-	185,994
Road and bridge network		18,495	7,155,179
Water		76,839	-
Sewerage		308,329	-
Works in progress		1,679,077	266,626
	14	<u>2,082,740</u>	<u>7,607,799</u>
<b>Loss on impairments of property, plant and equipment:</b>			
Plant and equipment ( <i>Quarry Crushing Plant</i> )	14	-	3,142,000
Total impairment losses		-	3,142,000
Impairment losses treated as an expense		-	3,142,000
<b>Quarries provisions for rehabilitation of land not controlled by Council:</b>			
Change in discount rate		436,896	61,314
Change arising from revision of future costs		-	2,134,273
	17	<u>436,896</u>	<u>2,195,587</u>
<b>Loss on assets previously recognised incorrectly</b>	29	509,724	1,471,114
Total capital expenses		<u>3,029,360</u>	<u>14,416,500</u>
<b>10 Cash assets and cash equivalents</b>			
Cash at bank and on hand		469,605	98,435
Deposits at call		64,484,147	106,431,914
Total cash and cash equivalents balance as per Statement of Cash Flows		<u>64,953,752</u>	<u>106,530,349</u>
Cash Investments held	13	61,901,765	20,759,480
Total cash assets		<u>126,855,517</u>	<u>127,289,829</u>
Total cash assets is comprised of Cash and Cash Equivalents and Cash Investments.			
Cash and cash equivalents include: cash on hand, cash at Council's transactional banks (Westpac, National Australia Bank and the Australian and New Zealand Banking Group), cash and cheques receipted but not yet banked at the year end, and deposits held at call with the Queensland Treasury Corporation (QTC).			
The QTC at call deposits are held in the QTC Cash Fund and are capital guaranteed. This Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties and as a result, Council may be exposed to credit risk through these investments.			
Cash Investments and their associated credit risk is disclosed at Note 13.			
Cash assets are subject to a number of external restrictions and internally determined allocations that limit amounts available for discretionary or future use. Council accounts for these restrictions using a system of reserves which are disclosed at notes 1.17 and 21.			
These restrictions and internal allocations include:			
<i>Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:</i>			
Unspent capital government grants and subsidies	21(a)	962,629	11,759,631
Unspent developer and other non-government contributions	21(a)	23,179,457	18,661,029
Funds set aside by council in capital reserves in relation to mining agreements	21(a)	1,135,473	1,339,401
Unspent operating and recurrent government grants and subsidies	21(c)	164,182	230,066
<i>Internally imposed expenditure allocations at the reporting date relate to the following cash assets:</i>			
Funds set aside by council and held in capital reserves for future projects	21(b)	93,114,150	87,714,023
Funds set aside by council and held in operating reserves for future projects	21(d)	-	60,000
Total externally restricted and internally allocated cash held in reserves	21	<u>118,555,891</u>	<u>119,764,150</u>

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

	2016	2015
Note	\$	\$
<b>11 Trade and other receivables</b>		
<b>Current</b>		
Rateable revenue and utility charges	6,694,598	6,414,916
Water charges yet to be levied	6,776,479	6,561,859
Accrued capital grants and contributions	4,145,204	3,173,409
Accrued government operating grants and subsidies	10,090	-
Bonds and Retentions paid	-	2,200
Accrued interest	613,462	451,503
GST recoverable	2,323,149	680,206
Other debtors	6,387,601	6,669,377
Less: Impairment provision	(155,709)	(172,822)
	<u>26,794,874</u>	<u>23,780,648</u>
Prepayments	-	402,752
Total trade and other receivables	<u>26,794,874</u>	<u>24,183,400</u>

Trade and other receivables represent amounts owed to Council at year end.

Settlement of trade receivable amounts is required within 30 days from invoice date and no interest is charged on the outstanding amount. Interest is charged on outstanding rates and utility charges at a rate of 11% per annum.

There is a concentration of credit risk for trade and other debtors receivable due to the geographical concentration of mining and agriculture in the region. In the case of rates receivables, Council has the power under the provisions of the Local Government Act 2009 to sell the property to recover any defaulted amounts, which protects Council against credit risk in the case of rates defaults.

The collectability of trade receivables is assessed periodically and the carrying amount is reduced for impairment if Council believes it will not collect all amounts due. The loss is recognised as a finance costs (note 8). All known bad debts are written off at 30 June and subsequent recoveries of amounts written off in the same period are recognised as a finance cost and amounts written off in a prior period are recognised as revenue.

Movement in accumulated impairment losses (trade receivables) is as follows:

Opening balance	172,822	436,954
Impairment adjustment in period	(17,113)	(264,132)
Closing balance	<u>155,709</u>	<u>172,822</u>

Ageing of past due receivables and the amount of any impairment is disclosed below:

Not past due	18,645,082	17,024,889
Past due - 31 to 60 days	1,290,483	153,739
Past due - 61 to 90 days	2,926,436	3,573,644
Past due - Over 90 days	4,088,582	3,201,198
Less impaired	(155,709)	(172,822)
Total	<u>26,794,874</u>	<u>23,780,648</u>



## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

	2016	2015
Note	\$	\$
<b>12 Inventories</b>		
<b>Current</b>		
<b>Inventories held for sale:</b>		
Shepton Quarry Stock	1,173,559	1,088,818
Other Quarry Stock	23,521	463,095
Saleyards Stock	3,481	12,689
	<u>1,200,561</u>	<u>1,564,602</u>
<b>Inventories for internal use:</b>		
Stores and materials	872,720	811,349
	<u>872,720</u>	<u>811,349</u>
<b>Land purchased for development and sale:</b>		
Balance at the beginning of financial year	6,535,947	6,780,435
Development costs net of refund of development costs	-	152,384
Less: Cost of developed land sold	-	(396,872)
Provision for Impairment	(864,771)	-
Balance at end of the financial year	<u>5,671,176</u>	<u>6,535,947</u>
	<u>7,744,457</u>	<u>8,911,898</u>
<b>Total Inventories</b>		

Stores and raw materials held for resale are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads.

Inventories for internal use are valued at cost and adjusted when applicable for any loss of service potential.

Land purchased by Council for development and sale is valued at the lower of cost and net realisable value. Proceeds from the sale of this land is recognised as sales revenue on the signing of a valid unconditional contract of sale.

**13 Cash investments**

Fixed term investments realisable between three and twelve months	<u>61,901,765</u>	<u>20,759,480</u>
	<u>61,901,765</u>	<u>20,759,480</u>

Cash Investments represent term deposits held at fixed rates with Westpac and the National Australia Bank, which are both rated AA-. The ratings of these institutions are based on Standard & Poors agency ratings.

Maturity of these investments is between five (5) and six (6) months and the deposits bear interest ranging from 3% to 3.31%.

Whilst these investments are not capital guaranteed, the likelihood of a credit failure is assessed as remote.

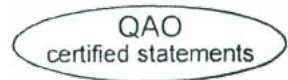
**CENTRAL HIGHLANDS REGIONAL COUNCIL**

Notes to the financial statements  
For the year ended 30 June 2016

**14 Property, plant and equipment**

	Note	Land		Site improvements		Buildings		Plant and equipment		Office furniture and fittings		Road and bridge network		Water		Sewerage		Heritage & Cultural		Airport		Works in progress		Total		
		2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	
Basis of measurement		Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
<b>Asset Values</b>		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Opening gross value as at 1 July 2015		58,338,500	51,681,477	163,069,945	60,941,647	4,616,701	801,390,248	230,459,333	155,299,034	195,578	47,544,223	15,103,362	1,588,660,248	(499,902)												
Minor correction to opening balance		(680,000)	-	91,100	-	-	88,998	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Additions at cost		-	-	-	44,819	-	416,195	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contributed assets at valuation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Internal transfers from work in progress		275,300	981,269	1,514,804	1,763,898	1,434,500	21,555,249	400,346	339,609	-	3,445,084	(31,710,059)	461,014	-	-	-	-	-	-	-	-	-	-	-	-	
Disposals		-	-	(225,098)	(2,197,127)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Write-offs	9	-	(305,116)	-	-	-	(50,474)	(134,610)	(399,042)	-	-	-	-	-	-	-	-	-	-	-	-	(1,679,077)	-	(2,568,319)		
Internal Transfers between asset classes		-	7,931,162	(7,931,162)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revaluation adjustment to other comprehensive income: (refer the ARS*)	19	(26,919,200)	(3,295,400)	5,011,726	-	6,051,201	887,085,374	50,049,030	180,592,012	195,578	(4,062,357)	31,342,311	1,743,080,269	-	-	-	-	-	-	-	-	-	-	-	-	
Closing gross value as at 30 June 2016		31,034,600	56,993,392	161,531,315	60,553,237	6,051,201	887,085,374	280,774,299	180,592,012	195,578	46,926,950	31,342,311	1,743,080,269	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Accumulated depreciation and impairment</b>																										
Opening balance as at 1 July 2015		-	5,980,630	10,685,895	26,365,010	2,823,632	77,908,019	57,141,821	47,694,209	14,381	4,916,068	-	233,529,665	-	-	-	-	-	-	-	-	-	-	-	-	
Minor correction to opening balance		-	-	8,792	-	-	1,030	-	-	-	-	-	9,822	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation provided in period		-	1,042,266	2,408,488	4,640,488	357,188	9,364,765	2,864,875	2,887,756	2,074	913,135	-	24,481,035	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation on disposals		-	-	(40,298)	(1,857,289)	-	-	-	-	-	-	-	(1,897,587)	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation on write-offs		-	(305,116)	-	-	-	(31,979)	(57,771)	(90,712)	-	-	-	(485,578)	-	-	-	-	-	-	-	-	-	-	-	-	
Internal Transfers between asset classes		-	153,648	(153,648)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revaluation adjustment to other comprehensive income: (refer the ARS*)	19	-	5,817,203	24,916,374	-	-	167,778,382	62,237,995	41,348,317	-	3,255,511	-	305,353,782	-	-	-	-	-	-	-	-	-	-	-	-	
Accumulated depreciation as at 30 June 2016		-	12,688,631	37,825,603	29,148,209	3,180,820	255,020,217	122,186,920	91,839,570	16,455	9,084,714	-	560,991,139	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total written down value as at 30 June 2016</b>		31,034,600	44,304,761	123,705,712	31,405,028	2,870,381	632,065,157	158,587,379	88,752,442	179,123	37,842,236	31,342,311	1,182,089,130	9,602,917	-	-	-	-	-	-	-	-	-	-	-	
Residual value		-	-	-	9,141,247	461,670	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Range of estimated useful life in years		Not depreciated	15 - 65	15 - 150	3 - 20	3 - 20	6 - 100	10 - 100	10 - 100	7 - 100	6 - 100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Addition of renewal assets		-	477,381	1,287,799	-	44,481	25,840,227	2,957,877	1,101,501	-	1,000,998	-	32,710,064	-	-	-	-	-	-	-	-	-	-	-	-	
Addition of other assets		8,331	4,556,333	432,665	1,837,665	1,249,948	6,562,513	736,038	172,692	-	1,361,816	-	16,918,021	-	-	-	-	-	-	-	-	-	-	-	-	
Total additions in period		8,331	5,033,714	1,720,464	1,837,665	1,294,429	32,402,740	3,693,915	1,274,193	-	2,362,614	-	49,628,085	-	-	-	-	-	-	-	-	-	-	-	-	

\* ARS denotes - Asset Revaluation Surplus



## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

## 14 Property, plant and equipment - prior year

	Note	Land		Site improvements		Buildings		Plant and equipment		Office furniture and fittings		Road and bridge network		Water		Sewerage		Heritage & Cultural		Airport		Works in progress		Total	
		Fair Value	2015	Fair Value	2015	Fair Value	2015	Cost	2015	Cost	2015	Fair Value	2015	Fair Value	2015	Fair Value	2015	Fair Value	2015	Fair Value	2015	Cost	2015	2015	
Asset Values		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Opening gross value as at 1 July 2014		58,298,500	49,937,499	165,911,875	64,836,176	4,342,631	4,342,631	772,555,025	194,252,147	151,581,384	195,578	44,623,562	17,077,375	1,523,611,752	(4,174,626)										
Minor correction to opening balance		(1,538,487)	(2,372,460)		(881,861)																				
Additions at cost		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets at valuation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal transfers from work in progress		168,850	2,262,746	3,657,128	2,216,933	274,070	274,070	20,790,704	32,221,368	17,791	2,099,760	(63,709,350)													
Disposals		-	-	-	(1,079,075)	-	-	(7,819,365)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	9	-	-	(222,912)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal Transfers between asset classes		-	1,538,487	2,392,574	(4,150,526)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to other comprehensive income. (refer the ARS*)	19	(108,850)	(518,768)	(6,296,260)	-	-	-	14,860,637	3,986,018	3,865,459	-	820,901	-	16,609,137											
Closing gross value as at 30 June 2015		58,338,500	51,681,477	163,069,945	60,941,647	4,616,701	4,616,701	801,390,248	230,459,533	155,299,034	195,578	47,544,223	15,103,362	1,588,660,248											
<b>Accumulated depreciation and impairment</b>																									
Opening balance as at 1 July 2014		-	4,632,836	21,373,779	21,130,970	2,386,452	2,386,452	67,708,441	53,387,637	43,660,116	12,307	4,480,590	-	218,773,148											
Minor correction to opening balance		-	(1,162,466)	(985,864)	(467,467)	-	-	62,007	-	(41,303)	-	(108,419)	-	(2,703,512)											
Depreciation provided in period		-	877,457	1,951,946	5,157,581	437,180	437,180	9,291,351	2,806,005	2,811,731	2,074	782,511	-	24,117,836											
Depreciation on disposals		-	-	-	(780,000)	-	-	-	-	-	-	-	-	(780,000)											
Depreciation on write-offs		-	-	(36,918)	-	-	-	(664,186)	-	-	-	-	-	(701,104)											
Internal Transfers between asset classes		-	1,043,847	691,081	(1,818,074)	-	-	-	-	-	-	-	-	83,146											
Revaluation adjustment to other comprehensive income. (refer the ARS*)	19	-	588,936	(12,308,129)	-	-	-	1,510,406	948,179	1,263,665	-	(321,760)	-	(8,318,703)											
Impairment adjustment to capital loss	9	-	-	-	3,142,000	-	-	-	-	-	-	-	-	3,142,000											
Accumulated depreciation as at 30 June 2015		-	5,980,630	10,685,895	26,365,010	2,823,632	2,823,632	77,908,019	57,141,821	47,694,209	14,381	4,916,068	-	233,529,665											
<b>Total written down value as at 30 June 2015</b>		58,338,500	45,700,847	152,384,050	34,576,637	1,793,069	1,793,069	723,482,229	173,317,712	107,604,825	181,197	42,628,155	15,103,362	1,355,130,583											
Residual value		-	-	-	9,141,247	461,670	461,670	462,340,107	55,730,955	32,001,846	-	6,311,338	-	565,987,163											
Range of estimated useful life in years		Not depreciated	15 - 65	15 - 150	3 - 20	3 - 20	6 - 100	10 - 100	10 - 100	7 - 100	6 - 100														
Addition of renewal assets		-	666,607	776,053	-	-	-	15,041,388	329,013	166,624	-	332,862	-	17,312,547											
Addition of other assets		311,900	1,242,382	1,666,456	2,966,775	916,647	916,647	9,768,294	26,430,823	223,674	-	1,162,465	-	44,689,416											
Total additions in period		311,900	1,908,989	2,442,509	2,966,775	916,647	916,647	24,809,682	26,759,836	390,298	-	1,495,327	-	62,001,963											

\* ARS denotes - Asset Revaluation Surplus

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements

For the year ended 30 June 2016

**15 Fair value measurements****(a) Recognised fair value measurements**

Council measures and recognises the following assets at fair value on a recurring basis

Property, plant and equipment

- Land
- Site improvements
- Buildings
- Road, drainage and bridge network
- Water Infrastructure
- Sewerage Infrastructure
- Airport

Council does not measure any liabilities at fair value on a recurring basis.

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 18 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (Level 2).

In accordance with AASB 13 fair value measurements are categorised on the following basis:

- Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Fair value based on inputs that are directly or indirectly observable for the asset or liability (level 2)
- Fair value based on unobservable inputs for the asset and liability (level 3)

The following table categorises fair value measurements as either level 2 or level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

The table below presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2016:

	Note	Level 2		Level 3		Total	
		(Significant other observable inputs)		(Significant unobservable inputs)			
		2016	2015	2016	2015	2016	2015
<b>Recurring fair value measurements</b>		\$	\$	\$	\$	\$	\$
Property, plant and equipment	14						
- Land		31,034,600	58,358,500	-	-	31,034,600	58,358,500
- Site improvements		-	-	44,304,761	45,700,847	44,304,761	45,700,847
- Buildings		19,505,000	9,215,000	104,200,712	143,169,050	123,705,712	152,384,050
- Road, drainage and bridge network		-	-	632,065,157	723,482,229	632,065,157	723,482,229
- Water Infrastructure		-	-	158,587,379	173,317,712	158,587,379	173,317,712
- Sewerage Infrastructure		-	-	88,752,442	107,604,825	88,752,442	107,604,825
- Airport		-	-	37,842,236	42,628,155	37,842,236	42,628,155
		<b>50,539,600</b>	<b>67,573,500</b>	<b>1,065,752,687</b>	<b>1,235,902,818</b>	<b>1,116,292,287</b>	<b>1,303,476,318</b>

There were no transfers between levels 1 and 2 during the year. There were no changes made between Level 2 and 3.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements

For the year ended 30 June 2016

**15 Fair value measurements (continued)****(b) Valuation techniques used to derive fair values for level 2 and level 3 valuations**

An independent company, Asset Val Pty Ltd was entrusted with the Council valuation for 2015/16 financial year. Land, Buildings & Site Improvements asset classes were comprehensively revalued and desktop revaluations were done for Roads Infrastructure, Water & Sewer Infrastructure assets. There have been changes in valuation techniques as a result of this review.

**Specific valuation techniques used to value Council assets comprise:****Property, plant and equipment****Land (Level 2)**

Land fair values were determined by a team of independent valuers from Asset Val Pty Ltd, effective 30 June 2016. A comprehensive revaluation has been performed on land assets as of 30 June 2016 and Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification. The fair value of the land was determined using the sales comparison approach described in the preceding paragraph.

Land classified as held not for sale and council owned during the reporting period and fair value of the land was determined using the sales comparison approach.

The Valuer Generals 2016 property report identified coal mining towns such as Blackwater, Capella, Bluff and Teri are further experiencing reductions in land and residential values over for last three years. For the 2016 financial year, comprehensive re-valuation has carried out on all land assets to determined the fair value.

**Site Improvements (including Airport Site Improvement assets) (level 3)**

The fair value of Site Improvements were also were determined by a team of independent valuers from Asset Val Pty Ltd, effective 30 June 2016. A comprehensive re-valuation is performed to all site improvements assets as of 30 June 2016. There is a market for Council site improvements assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach were price per square metre.

Where Council site improvements are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential including allowances for preliminaries and professional fees. The gross current values have been derived from reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Where a depth in market can be identified, the net current value of a site improvements asset is the difference between the market value of the asset as a whole (including land) and the market value of the land component. Where there is no depth of market, the net current value of a site improvements asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

While the unit rates based on square metres can be supported the estimates of average useful life, asset condition and depreciation method is used to calculate accumulated depreciation expense comprise unobservable inputs (level 3).

The following table provides an assessment of the sensitivity of the fair value measurement:

Level 3 Assets	Increase by 2.5%	Decrease by 2.5%
	\$	\$
Dollar Movement in Fair value	\$274,783	-\$274,783
Portfolio % Movement in Fair Value	+2.50%	-2.50%

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements

For the year ended 30 June 2016

**15 Fair value measurements (continued)**  
**(b) Valuation techniques used to derive fair values for level 2 and level 3 valuations (continued)**  
**Buildings (including Airport Building assets) (level 2 and 3) (continued)**

The fair value of Buildings were also were determined by a team of independent valuers from Asset Val Pty Ltd, effective 30 June 2016. A comprehensive re-valuation is performed to all building assets as of 30 June 2016 and where there is a market for Council building assets, fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach were price per square metre.

The buildings has experienced a further decrease in value since 2015 which is the reduction in values of residential properties due to the mining industry slow down in the region as per the Valuer General's 2016 Property Market Movement Report.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of residual value, useful life and asset condition that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as level 3. The following table provides a summary of the unobservable inputs and an assessment of the sensitivity of these to the fair value measurement:

The Buildings (Cost Approach) shows positive movement with the inclusion of several new assets including six youth housing units and three new amenities blocks at Bridgeman Park, Comet Community Hall and The Japanese Garden added to the register for 2015.

The following table provides an assessment of the sensitivity of the fair value measurement:

Level 3 Assets	Increase by 2.5%	Decrease by 2.5%
	\$	\$
Dollar Movement in Fair value	\$2,879,766	-\$2,879,766
Portfolio % Movement in Fair Value	+2.50%	-2.50%

**Infrastructure assets (level 3)**

The fair value of all Infrastructure assets were also determined by a desktop valuation provided by Asset Val Pty Ltd, effective 30 June 2016. All Council infrastructure assets were fair valued using written down current replacement cost (CRC). This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets were over designed, had excess capacity, or were redundant an adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output within the council's planning horizon.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks. The DRC was determined using methods relevant to the asset class as described under individual asset categories below.

**Specific valuation techniques used to value Council infrastructure assets comprise:**

**1(a) Road and bridge network - calculation of current replacement cost**

**Roads (including Airport Road assets)**

*Current replacement cost:*

All road network infrastructure assets were valued using level 3 valuation inputs using the cost approach. The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

**15 Fair value measurements (continued)**  
**(b) Valuation techniques used to derive fair values for level 2 and level 3 valuations (continued)**  
**Infrastructure assets (level 3) - Roads (including Airport Road assets) (continued)**

Council categorises its road infrastructure into urban and rural roads and the further sub-categorises these into sealed and unsealed roads. Urban roads are managed in segments of less than 500m, while rural roads are managed in maximum of 5km segments. All road segments are then componentised into formation, pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials

CRC was calculated by reference to asset linear and area specifications, estimated labour and material inputs, services costs, and overhead allocations. Council assumes that pavements are constructed to depths of between 300mm to 400mm for high traffic areas and 150mm to 300mm depth for lower traffic locations based on road hierarchy. Council also assumes that all raw materials can be sourced from the local Council Quarry with an average haulage rate of 20 cents per tonne depending on the location of the segment being valued. For internal construction estimates, material and services prices were based on existing supplier contract rates or supplier price lists and labour wage rates were based on Council's Enterprise Bargaining Agreement (EBA). All direct costs were allocated to assets at standard usage quantities according to recently completed similar projects. Where construction is outsourced, CRC was based on the average of completed similar projects over the last few years.

The last comprehensive valuation of road infrastructure was undertaken effective 01 July 2013. CRC at 30 June 2016 was determined by desktop revaluation provided by Asset Val Pty Ltd.

*Accumulated depreciation:*

In determining the level of accumulated depreciation, roads were disaggregated into significant components of short and long life which exhibited different useful lives. Residual values were reconsidered under the clarification of AASB 116 and reassigned if needed.

Council sub contracted a specialised company (Radar Portal Systems) to capture roads condition data which was then uploaded by our engineers in the Arc GIS system. This road audit was carried out mainly to assess the road conditions of formation, pavement and surface by a laser scanning inspection and assessment. Also validating the current roads segmentation based on formation type, pavement type and surface type for both rural and urban roads. The urban roads were segmented for each intersection and rural roads were segmented for a maximum of 5km. After the segmentation and updating the current condition the database was submitted for revaluations. Thereafter council engaged a contractor for a detail hierarchy driven level of service assessment in selected areas to further monitor the conditions. These data collectively was used for the valuation assumptions which has a direct impact on the accumulated depreciation.

**Bridges**

*Current replacement cost:*

The fair value of all Bridge assets were also determined by a desktop valuation provided by Asset Val Pty Ltd, effective 30 June 2016. A Comprehensive valuation was carried out in the 13/14 Financial year where each bridge is assessed individually, with the valuation varying according to the material type used for construction, the deck area, condition and size. Construction estimates were determined on a similar basis to roads.

*Accumulated depreciation:*

In determining the level of accumulated depreciation, remaining useful lives were determined based on condition assessments according to the following table:

Condition	Description	% Life Remaining
0	Brand new or rehabilitated to new	100%
1	Near new with no visible deterioration	90%
2	Excellent overall condition with early signs of deterioration	80%
3	Very good overall condition with obvious deterioration evident	70%
4	Good overall condition, obvious deterioration, serviceability impaired very slightly	60%
5	Fair overall condition, obvious deterioration, some serviceability loss	50%
6	Fair to poor overall condition, obvious deterioration, some serviceability loss	40%
7	Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs	30%
8	Very poor overall condition, severe deterioration, very high maintenance costs - consider renewal	20%
9	Extremely poor overall condition, severe serviceability problems - renewal required immediately	10%
10	Failed asset, no longer serviceable - should not remain in service	0%

Estimated useful lives and residual values are disclosed in note 14.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

**15 Fair value measurements (continued)**  
**(b) Valuation techniques used to derive fair values for level 2 and level 3 valuations (continued)**  
**Infrastructure assets (level 3) (continued)**

**Drainage***Current replacement cost:*

The fair value of all Drainage assets were also determined by a desktop valuation provided by Asset Val Pty Ltd, effective 30 June 2016. A full version of valuation was carried out in the 13/14 Financial year where each drainage assets were assessed individually. Similar to roads, drainage assets are managed in segments of 200m; pits, pipes and channels being the major components.

Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. Where drainage assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date. Construction estimates were determined on a similar basis to roads.

*Accumulated depreciation:*

In determining the level of accumulated depreciation, drainage assets were disaggregated into significant components which exhibited different useful lives.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

Estimated useful lives and residual values are disclosed in note 14.

**1(b) Roads, drainage and Bridge network – Sensitivity of valuation to unobservable inputs**

As detailed above Council's roads, drainage and bridge network has been valued using written down current replacement cost. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

Significant Unobservable Input	Range of Input	Relationship of Input to Fair Value
Number of Labour Hours	5 - 100 hr/m <sup>2</sup>	The higher the labour hours, the higher the Fair Value
Raw Material Usage Quantities	Varies - dependant on type and application	The higher the usage quantities, the higher the Fair Value
SPI	0 - 10 as specified	The lower the SPI, the higher the Fair Value
Remaining Useful Life	1 - indefinite years	The longer the remaining life, the higher the Fair Value

**2(a) Water, Sewerage and Other Infrastructure – Calculation of written down current replacement cost****Waste Landfill Cells (Other Infrastructure)***Current replacement cost:*

Waste landfill cells assets are valued as a part of Site Improvement Facilities assets. Fair values were determined by reference to landfill cell area and volume specifications, estimated labour and material inputs, services costs, and overhead allocations. Material and services costs were determined by reference to existing supplier contracts and labour costs by reference to Council's EBA

*Accumulated depreciation:*

Accumulated depreciation was determined through assessment of the remaining air space for each landfill cell, which was also used to determine percentage cell capacity used in the year.

**Water and sewerage infrastructure***Current replacement cost:*

Water and sewerage infrastructure fair values were determined by an indexation provided by Asset Val Pty Ltd, effective 30 June 2015. CRC was calculated based on expected replacement costs. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.



## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

**15 Fair value measurements (continued)****(b) Valuation techniques used to derive fair values for level 2 and level 3 valuations (continued)****Infrastructure assets (level 3) - Water and sewerage infrastructure (continued)**

During the year there were a number of new projects completed where the actual cost was recorded and the impact of depreciation at year end was negligible. While these could be classified as valued at level 2 given the low proportion of the total portfolio that these represented and the likelihood that in future valuations they would most likely be valued at level 3 we have adopted a policy that all road and water network infrastructure assets are deemed to be valued at level 3.

Factors taken into account in determining replacement costs included:

- *Asset Condition* - The nature of road and water network infrastructure is that there is a very large number of assets which comprise the network and as a result it is not physically possible to inspect every asset for the purposes of completing a valuation. As a consequence reliance is placed on the accuracy of data held in the asset management system and its associated internal controls. This includes regular planned inspections and updates to the system following maintenance activities and renewal treatments. Likewise, especially for water network infrastructure, a large portion of the portfolio is located underground and may only be inspected on an irregular basis.
- To provide assurance over the accuracy of this information and taking into account the cost- benefit of undertaking physical inspections the valuation relies upon full comprehensive approach (98% of each above ground active assets) . While this approach, combined with internal controls associated with the asset management system, provides a high level of comfort over the condition data held in the asset management system it does not provide a guarantee that all the data is correct and the condition as recorded is valid as at the date of valuation. however during 13/14 financial year all the water & sewer assets were comprehensively re-valued and accuracy of data was assured. This financial year fair values were determined by a desktop valuation across of all water & sewer asset class.
- *Relationship between asset condition rating scale and the level of service potential* – Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. In order to achieve this the valuer determines an asset condition rating scale for each asset type based on the inter- relationship between a range of factors. These factors and their Relationship to the fair value require profession judgment and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value and useful life.
- *The condition rating scales* - Based on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of council's own engineers, asset management and finance staff. the results of the valuation were further evaluated by confirmation against council's own understanding of the assets and the level of remaining service potential.

Council used the following valuation assumptions during the revaluation which has the direct impact on the accumulated depreciation.

*Accumulated depreciation:*

In determining accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for active assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life as tabled below:

Condition	Description	% Life Remaining
0	Brand new or rehabilitated to new	100%
1	Near new with no visible deterioration	90%
2	Excellent overall condition with early signs of deterioration	80%
3	Very good overall condition with obvious deterioration evident	70%
4	Good overall condition, obvious deterioration, serviceability impaired very slightly	60%
5	Fair overall condition, obvious deterioration, some serviceability loss	50%
6	Fair to poor overall condition, obvious deterioration, some serviceability loss	40%
7	Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs	30%
8	Very poor overall condition, severe deterioration, very high maintenance costs - consider renewal	20%
9	Extremely poor overall condition, severe serviceability problems - renewal required immediately	10%
10	Failed asset, no longer serviceable - should not remain in service	0%

Where site inspections were not conducted (i.e. for passive assets and active assets for which no site inspections were undertaken), the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

**15 Fair value measurements (continued)**

**(b) Valuation techniques used to derive fair values for level 2 and level 3 valuations (continued)**  
**Infrastructure assets (level 3) - Water and sewerage infrastructure (continued)**

**2(b) Water and Sewerage Infrastructure – Sensitivity of valuation to unobservable inputs**

The method used to value council's water and sewerage assets utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

Significant Unobservable Input	Range of Input	Relationship of Input to Fair Value
Number of Labour Hours	5 - 100 hr/m2	The higher the labour hours, the higher the Fair Value
Raw Material Usage Quantities	Varies - dependant on type and application	The higher the usage quantities, the higher the Fair Value
SPI	0 - 10 as specified	The lower the SPI, the higher the Fair Value
Remaining Useful Life	1 - indefinite years	The longer the remaining life, the higher the Fair Value

**(iii) Changes in Fair Value Measurements using significant unobservable inputs (level 3)**

The changes in level 3 assets with recurring fair value measurement are detailed in Note 14 (Property, Plant and Equipment).

There have been no transfers between level 1,2 or 3 measurements during the year.

**(iv) Valuation processes**

Council's valuation policies and procedures are determined after assessment and consideration of information provided by personnel within Council with appropriate skills and experience specific to a particular asset. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment (recurring fair value measurements) is set out in note 1.10. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

		2016	2015
	Note	\$	\$
<b>16 Trade and other payables</b>			
<b>Current</b>			
Accruals		7,911,499	6,188,512
Creditors		3,302,600	4,289,850
Employee related accruals		569,961	622,391
Annual leave		4,222,050	4,005,546
Other entitlements		409,428	416,640
		<u>16,415,538</u>	<u>15,522,939</u>
<b>Non Current</b>			
Other entitlement		5,703	7,810
Total trade and other payables		<u>5,703</u>	<u>7,810</u>

Trade creditors and accruals are recognised upon receipt of the goods and services and are measured at the agreed purchase/contract price. Amounts owing are unsecured and are generally settled on 30 day terms.

The following sets out the liquidity risk in relation to the above trade creditors and accruals and represents the remaining contractual cash flows at the end of the reporting period.

0 to 1 year	11,784,060	11,100,753
Total contractual outflows	<u>11,784,060</u>	<u>11,100,753</u>

Annual Leave expenses and other employee entitlements are calculated at current pay levels and adjusted for inflation and likely future changes in salary level.

Further details on employee entitlements are reported in Note 1.13.

**17 Provisions****Current**

Long service leave	3,228,683	2,813,376
Property restoration:		
(i) Refuse sites	209,829	84,091
(i) Quarry sites	101,000	-
	<u>3,539,512</u>	<u>2,897,467</u>

**Non-Current**

Long service leave	524,727	503,228
Property restoration:		
(i) Refuse sites	9,049,953	9,459,877
(ii) Quarry sites	2,483,182	2,317,466
	<u>12,057,862</u>	<u>12,280,571</u>

**Details of movements in provisions:****Long service leave**

Balance at the beginning of financial year	3,316,604	3,536,249
Amount provided for in the period	841,358	422,659
Amount paid in the period	(404,552)	(642,304)
Balance at end of the financial year	<u>3,753,410</u>	<u>3,316,604</u>
Current portion	3,228,683	2,813,376
Non-current portion	<u>524,727</u>	<u>503,228</u>
	<u>3,753,410</u>	<u>3,316,604</u>

Long Service Leave expenses are calculated at current pay levels and adjusted for inflation and likely future changes in salary level. The non-current portion is discounted to the present value.

Further details on employee entitlements are reported in Note 1.13.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

	2016	2015
Note	\$	\$
<b>17 Provisions (continued)</b>		
<b>Property Restoration</b>		
<b>(i) Refuse sites</b>		
Balance at the beginning of financial year	9,543,968	5,756,839
Increase in provision - due to change in time	282,055	200,951
Increase in provision - change in discount rate	1,131,565	372,919
Increase (decrease) in estimate of future cost	<u>(1,697,806)</u>	<u>3,213,259</u>
Balance at end of the financial year	<u>9,259,782</u>	<u>9,543,968</u>
Current portion	209,829	84,091
Non-current portion	<u>9,049,953</u>	<u>9,459,877</u>
	<u>9,259,782</u>	<u>9,543,968</u>
This is the present value of the estimated future cost of restoring the refuse sites, under the State Government environmental regulations, at the end of their useful lives.		
The first sites where restoration is expected to commence are Duaringa and Dingo in 2017.		
Cash funds committed to meet this liability at the reporting date are:	<u>1,352,668</u>	<u>977,940</u>
<b>(ii) Quarry sites</b>		
Balance at the beginning of financial year	2,317,466	117,610
Increase in provision - due to change in time	68,997	4,269
Increase (decrease) in provision - change in discount rate	436,896	61,314
Increase (decrease) in estimate of future cost	<u>(239,177)</u>	<u>2,134,273</u>
Balance at end of the financial year	<u>2,584,182</u>	<u>2,317,466</u>
Current portion	101,000	-
Non-current portion	<u>2,483,182</u>	<u>2,317,466</u>
	<u>2,584,182</u>	<u>2,317,466</u>
This is the present value of the estimated future cost of restoring the quarry sites (Shepton, Deep Creek and Mungabunda), under the State Government environmental regulations, at the end of their useful lives.		
Restoration in relation to the Shepton Quarry will be progressive and is expected to commence in 2017 and conclude in 2091. Deep Creek restoration will commence in 2017 and Mungabunda in 2021.		
Cash funds committed to meet this liability at the reporting date are:	<u>79,495</u>	<u>10,498</u>
<b>18 Borrowings</b>		
<b>(a) Unsecured borrowings</b>		
<b>Details of borrowings at balance date are:</b>		
<b>Current</b>		
Queensland Treasury Corporation	<u>3,631,710</u>	<u>3,316,569</u>
<b>Non Current</b>		
Queensland Treasury Corporation	<u>61,653,017</u>	<u>65,278,667</u>
<b>Details of movements in borrowings:</b>		
<b>Queensland Treasury Corporation</b>		
Balance at the beginning of financial year	68,595,236	54,267,274
Loans raised	-	17,000,000
Principal repayments	<u>(3,310,508)</u>	<u>(2,672,038)</u>
Balance at end of the financial year	<u>65,284,728</u>	<u>68,595,236</u>
Classified as :		
Current	3,631,710	3,316,569
Non-current	<u>61,653,017</u>	<u>65,278,667</u>
	<u>65,284,727</u>	<u>68,595,236</u>

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

		2016	2015
	Note	\$	\$
<b>18 Borrowings (continued)</b>			
The QTC loan market value at the reporting date was \$77,035,330.			
This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.			
No assets have been pledged as security by the council for any liabilities, however, all loans are guaranteed by the Queensland Government.			
All borrowings are in \$A denominated amounts and expected final repayment dates vary from 18 April 2026 to 15 March 2032.			
There have been no defaults or breaches of the loan agreement during the period and principal and interest repayments are made quarterly in arrears.			
The following sets out the liquidity risk in relation to the above borrowings and represents the remaining contractual cash flows (principal and interest) at the end of the reporting period.			
0 to 1 year		6,914,100	6,825,696
1 to 5 years		27,656,400	26,868,283
Over 5 years		57,355,967	65,121,766
Total contractual outflows		<u>91,926,467</u>	<u>98,815,745</u>
Carrying amount		<u>65,284,727</u>	<u>68,595,236</u>

The contractual outflows are not expected to occur significantly earlier and are not expected to be for significantly different amounts than indicated.

**19 Asset Revaluation Surplus****(i) Movements in the asset revaluation surplus were as follows:**

Balance at the beginning of financial year		485,938,150	464,596,488
Adjustments to property, plant and equipment through revaluations:	14		
Land		(26,919,200)	(108,850)
Site improvements		(9,112,603)	(1,107,704)
Buildings		(19,904,648)	6,011,869
Road and bridge network		(104,093,223)	13,350,231
Water		(12,188,965)	3,037,839
Sewerage		(15,995,906)	2,601,794
Airport		(7,317,868)	1,142,661
		<u>(195,532,413)</u>	<u>24,927,840</u>
Change in value of future rehabilitation costs charged to the surplus		566,241	(3,586,178)
Balance at end of the financial year		<u>290,971,978</u>	<u>485,938,150</u>

**(ii) Asset Revaluation Surplus analysis:**

The closing balance of the asset revaluation surplus is comprised of the following asset categories:

Land	14,787,140	41,706,340
Site improvements	7,849,334	16,395,696
Buildings	18,432,233	38,336,881
Road and bridge network	147,688,195	251,781,418
Water	55,021,956	67,210,921
Sewerage	43,537,324	59,533,230
Airport	3,655,796	10,973,664
	<u>290,971,978</u>	<u>485,938,150</u>

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

		2016	2015
	Note	\$	\$
<b>20 Retained surplus</b>			
<b>Movement in retained surplus</b>			
Balance at the beginning of financial year		810,623,159	801,841,525
Net result		<u>24,680,027</u>	<u>18,331,339</u>
		<u>835,303,186</u>	<u>820,172,864</u>
Transfers (to)/from Reserves:			
Transfers (to)/from externally restricted capital reserves for future capital project funding, or from reserves funds that have been expended	21(a)	6,482,502	3,523,812
Transfers (to)/from internally allocated capital reserves for future capital project funding, or from reserves funds that have been expended	21(b)	(5,600,127)	(13,096,271)
Transfers (to)/from externally restricted operating reserves for future project funding, or from reserves funds that have been expended	21(c)	65,884	42,754
Transfers (to)/from internally allocated operating reserves for future project funding, or from reserves funds that have been expended	21(d)	<u>60,000</u>	<u>(20,000)</u>
		<u>1,008,259</u>	<u>(9,549,705)</u>
Balance at end of the financial year		<u>836,311,445</u>	<u>810,623,159</u>
<b>21 Reserves</b>			
<b>(a) Externally Restricted capital reserves</b>			
Balance at the beginning of financial year		31,760,061	35,283,874
Transfer from retained earnings for future expenditure		20,440,688	27,138,808
Transfer to retained earnings funds expended		<u>(26,923,190)</u>	<u>(30,662,620)</u>
Balance at end of the financial year		<u>25,277,559</u>	<u>31,760,061</u>
<b>(b) Internally allocated capital reserves</b>			
Balance at the beginning of financial year		87,514,023	74,417,752
Transfer from retained earnings for future expenditure		35,725,747	61,574,514
Transfer to retained earnings funds expended		<u>(30,125,620)</u>	<u>(48,478,243)</u>
Balance at end of the financial year		<u>93,114,150</u>	<u>87,514,023</u>
<b>(c) Externally restricted operating reserves</b>			
Balance at the beginning of financial year		230,066	272,820
Transfer from retained earnings for future expenditure		9,409,795	190,620
Transfer to retained earnings funds expended		<u>(9,475,679)</u>	<u>(233,374)</u>
Balance at end of the financial year		<u>164,182</u>	<u>230,066</u>
<b>(d) Internally allocated operating reserves</b>			
Balance at the beginning of financial year		60,000	40,000
Transfer from retained earnings for future expenditure		-	20,000
Transfer to retained earnings funds expended		<u>(60,000)</u>	<u>-</u>
Balance at end of the financial year		<u>-</u>	<u>60,000</u>
Total Reserves		<u>118,555,891</u>	<u>119,564,150</u>

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

	2016	2015
Note	\$	\$
<b>22 Commitments for expenditure</b>		
<b>(a) Contractual Commitments</b>		
Contractual commitments at balance date but not recognised in the financial statements:		
Waste & recycling contracts over 5 years	6,718,424	10,646,806
	<u>6,718,424</u>	<u>10,646,806</u>
<b>(b) Capital Commitments</b>		
Commitments for the construction of the following assets, contracted for at the reporting date, but not recognised as liabilities are as follows:		
Plant and Equipment and Furniture and Fittings	1,483,495	718,257
Airport	817,126	109,041
Buildings and Site Improvements	11,465,672	117,732
Infrastructure	13,988,755	2,696,712
	<u>27,755,048</u>	<u>3,641,742</u>
These expenditures are payable :		
Within one year	27,555,048	3,641,742
Later than 1 year but not later than 5 years	200,000	-
Later than 5 years	-	-
	<u>27,755,048</u>	<u>3,641,742</u>

**23 Events after balance date**

There are no events after balance date that Council is aware of that require disclosure.

**24 Contingent liabilities**

Details and estimates of maximum amounts of contingent liabilities are as follows:

**Potential Claims from Developers**

The Council is currently monitoring two separate potential claims, which may arise from developers in relation to development approvals obtained since 2008.

Council has sought legal advice on both these matters and due to the uncertainty of the potential liability no value has been attributed to these claims in the financial statements.

**Native Title**

The Council has identified a number of parcels of land which may be subject to Native Title claims in the future. Council's Native Title liability cannot be quantified due to uncertainty about the number and effect of compensable acts, both in the past and in the future. Council currently has no contingent liability claim pending in relation to Native Title.

**Community Housing Assets**

The Council has a number of Community Housing properties which are managed under the Department of Housing and Public Work's Long Term Community Housing program (LTCHP). There are Capital Assistance agreements in place which outline the equity ownership of these properties between Council and the Department. These agreements provide for the equity proportion to be increased by each year of management by Council. On 5 May 2015, the Department advised an indicative contingent liability of \$4,521,789 in relation to these properties, based on market valuations at that time. Council has requested a current update of this liability, however, at the date of this report it had not yet been provided. Council reports these properties in the balance sheet at fair value and at 30 June 2016, the fair value was \$8,944,335.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

	2016	2015
Note	\$	\$
<b>24 Contingent liabilities (continued)</b>		
<b>Gravel Pits rehabilitation responsibilities</b>		
Council has custodianship of approximately 200 gravel pits within the Region, for which it has a rehabilitation responsibility in future years. Council's use of these pits, while programmed where possible, is often sporadic due to the immediate need for material in response to a weather event or a road failure. The cost of rehabilitation of these pits has not been quantified, however, is not expected to be material as a large number of the pits will self rehabilitate over time. Council has adopted a procedure to undertake annual inspections to ensure compliance with the Environmental Authority.		
<b>Local Government Workcare</b>		
The Central Highlands Regional Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is:	766,948	847,238

**Local Government Mutual**

The Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

As at 30 June 2016 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

**25 Superannuation**

The Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 Employee Benefits.

The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.

The scheme has three elements referred to as:

The City Defined Benefits Fund (CDBF), which covers former members of the City Super Defined Benefits Fund; the Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and the Accumulation Benefits Fund (ABF).

The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the Local Government Act 2009.

Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.



## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

	2016	2015
Note	\$	\$
<b>25 Superannuation (continued)</b>		
<p>The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.</p> <p>To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.</p> <p>Any amount by which the fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.</p> <p>As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.</p> <p>The most recent actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that "At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date."</p> <p>In the 2015 actuarial report the actuary has recommended no change to the employer contribution levels at this time.</p> <p>Under the Local Government Act 2009 the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.</p> <p>There are currently 69 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 69 councils. Central Highlands Regional Council made less than 4% of the total contributions to the plan in the 2015-16 financial year.</p> <p>The next actuarial investigation will be conducted as at 1 July 2018.</p> <p>The amount of superannuation contributions paid by Central Highlands Regional Council to the scheme in this period for the benefit of employees was:</p>	<p><u>3,651,120</u></p>	<p><u>3,566,232</u></p>

**26 Trust funds**

Trust funds held for outside parties:

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	268,046	369,816
Security deposits	758,027	786,601
	<u>1,026,073</u>	<u>1,156,417</u>

The Central Highlands Regional Council performs only a custodial role in respect of these monies. The monies cannot be used for Council purposes and are not brought to account in these financial statements.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

		2016	2015
	Note	\$	\$
<b>27 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities</b>			
Net result		24,680,027	18,331,339
Non-cash operating items:			
Impairment of receivables and bad debts written off	8	21,736	(37,080)
Depreciation and amortisation	14	24,481,035	24,117,836
Current cost of developed land sold		-	396,872
Revaluation of inventory land expensed to materials and services	7	864,772	-
Change in restoration provisions expensed to finance costs		351,052	205,220
		<u>25,718,595</u>	<u>24,682,848</u>
Investing and development activities:			
Capital grants, subsidies and contributions	4	(14,215,568)	(19,009,432)
Capital income	5	(462,821)	(35,765)
Capital expenses	9	3,029,360	14,416,500
Payment for land for sale and development costs in the period		-	(152,384)
		<u>(11,649,029)</u>	<u>(4,781,081)</u>
Changes in operating assets and liabilities :			
(Increase) decrease in receivables		(2,066,368)	4,668,647
(Increase) decrease in inventories (excluding land)		302,669	(141,952)
Increase (decrease) in payables		3,395,413	1,751,104
Increase (decrease) in provisions		436,805	(219,645)
Increase (decrease) in other liabilities		(62,392)	106,091
		<u>2,006,127</u>	<u>6,164,245</u>
<b>Net cash inflow from operating activities</b>		<u>40,755,720</u>	<u>44,397,351</u>

**28 Controlled Entities**

The Central Highlands Regional Council has formed two controlled entities. The financial results of these entities at 30 June 2016 are not consolidated into Council's financial statements and are reported by way of note below, as they do not materially affect the financial position of the consolidated entity, or the results for the year.

The *Central Highlands Development Corporation (CHDC)* was formed in 1997 by the former Emerald Shire Council and is a public company limited by guarantee. Each year the Council provides a contribution towards its operations of which the Mayor, Deputy Mayor and CEO are Directors. The Company has a General Manager.

The primary objectives of CHDC is to facilitate projects and initiatives across the region to support business, industry, government and the community.

The draft unaudited financial results of the CHDC, at 30 June 2016, are as follows:

Operating Revenue	1,457,181	1,354,048
Operating Expenditure	<u>(1,387,151)</u>	<u>(1,400,547)</u>
<b>Total Comprehensive Income</b>	<u>70,030</u>	<u>(46,499)</u>
<b>Equity</b>		
Retained Surplus	<u>605,833</u>	<u>535,804</u>
Total Equity	<u>605,833</u>	<u>535,804</u>
Represented by:		
Assets	711,465	645,780
Liabilities	<u>(105,632)</u>	<u>(109,976)</u>
<b>Net Assets</b>	<u>605,833</u>	<u>535,804</u>

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

	2016	2015
Note	\$	\$
<b>28 Controlled Entities (continued)</b>		
The <i>Central Highlands (QLD) Housing Company Limited</i> was incorporated on 21 February 2012. The Company's principal object is to contribute to the public good, and in particular to the relief of poverty and economic hardship, by providing affordable housing. The Mayor, CEO and three Councillors are Directors of this Company with representation by three invited community members.		
The draft unaudited financial results of the Housing Company, at 30 June 2016, are as follows:		
Operating Revenue	73,773	77,156
Operating Expenditure	<u>(78,177)</u>	<u>(1,154,347)</u>
<b>Total Comprehensive Income</b>	<u><u>(4,404)</u></u>	<u><u>(1,077,191)</u></u>
<b>Equity</b>		
Retained Surplus	<u>922,596</u>	<u>926,999</u>
Total Equity	<u><u>922,596</u></u>	<u><u>926,999</u></u>
Represented by:		
Assets	928,089	944,203
Liabilities	<u>(5,493)</u>	<u>(17,204)</u>
<b>Net Assets</b>	<u><u>922,596</u></u>	<u><u>926,999</u></u>

**29 Minor correction for assets not previously recognised**

During the year Council became aware of some assets in Property Plant and Equipment (PP&E) that were not previously recognised, as well as some PP&E assets previously recognised, that should not have been recognised:

The asset classes affected are disclosed separately in the notes indicated:

Summary details of assets not previously recognised:

Gross value of property, plant and equipment	14	180,098	1,023,361
Less: Accumulated depreciation	14	<u>(9,822)</u>	<u>(62,007)</u>
Gain from assets not previously recognised		<u>170,276</u>	<u>961,354</u>

Summary details of assets previously recognised incorrectly are as follows:

Gross value of property, plant and equipment	14	680,000	5,197,987
Less: Accumulated depreciation	14	<u>-</u>	<u>(2,765,519)</u>
Loss on assets previously recognised incorrectly		<u>680,000</u>	<u>2,432,468</u>
Net result of recognised/derecognised assets	9	<u><u>(509,724)</u></u>	<u><u>(1,471,114)</u></u>

This correction was not retrospectively applied due to the adjustment in question being of a trivial amount.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

**30 Financial Instruments**

Central Highlands Regional Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note provides information (both qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

**Financial risk management**

Central Highlands Regional Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

Council's management approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

Central Highlands Regional Council does not enter into derivatives.

**Credit Risk**

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar state/commonwealth bodies or financial institutions in Australia, in line with the requirements of the Statutory Bodies Financial Arrangements Act 1982.

No collateral is held as security relating to the financial assets held by Central Highlands Regional Council .

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

	Note	2016 \$	2015 \$
<b>Financial Assets</b>			
Cash and cash equivalents	10	64,953,752	106,530,349
Receivables - rates and water	11	13,471,077	12,976,775
Receivables - other	11	13,323,797	10,803,873
Cash Investments	13	61,901,765	20,759,480
Equity Investment		18,995	27,135
<b>Other credit exposure</b>			
Guarantee	24	766,948	847,238
Total		<u>154,436,334</u>	<u>151,944,850</u>

## CENTRAL HIGHLANDS REGIONAL COUNCIL

Notes to the financial statements  
For the year ended 30 June 2016

**30 Financial instruments - continued****Liquidity risk**

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Central Highlands Regional Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC and other financial institutions. The liquidity risk in relation to borrowings is disclosed at note 18 and for trade and other payables at note 16.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows.

These facilities are disclosed in note 10 and note 13. The Council does not have any overdraft facilities at the reporting date.

**Market risk**

Market risk is the risk that changes in market prices, such as interest rates, will affect the Council's income or the value of its holdings of financial instruments.

**Interest rate risk**

Central Highlands Regional Council is not exposed to interest rate risk through investments which are disclosed at note 10 and 13.

The Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk can be minimised. These facilities are disclosed in note 18.

**Sensitivity**

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date.

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

**2016**

Financial assets and liabilities held at variable and fixed interest rates total:

QTC cash funds - at variable

Loans - QTC at fixed

Net total

Net carrying amount	Change in profit & (loss) from:		Change in equity from:	
	1% increase	1% decrease	1% increase	1% decrease
\$	\$	\$	\$	\$
64,484,147	644,841	(644,841)	644,841	(644,841)
(65,284,727)	-	-	-	-
(800,580)	644,841	(644,841)	644,841	(644,841)

**2015**

QTC cash funds - at variable

Loans - QTC at variable

Net total

106,431,914	1,064,319	(1,064,319)	1,064,319	(1,064,319)
(68,595,236)	-	-	-	-
37,836,678	1,064,319	(1,064,319)	1,064,319	(1,064,319)

In relation to the QTC loans held by the Council, the following has been applied:

QTC Fixed Rate Loan - financial instruments with fixed interest rates which are carried at amortised cost are not subject to interest rate sensitivity.

**Fair Value**

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is discussed below and disclosed in note 18.

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

## CENTRAL HIGHLANDS REGIONAL COUNCIL

## Notes to the financial statements

For the year ended 30 June 2016

**31 National Competition Policy****(a) Business activities to which the code of competitive conduct is applied**

This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity.

The CSO value is determined by Council, and represents an activities cost which would not be incurred if the primary objective of the activities was to make a profit. The Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSO's by the Council.

The Central Highlands Regional Council applies the competitive code of conduct to the following activities:

- Aerodrome
- Quarry
- Sewerage
- Water
- Waste
- Saleyards

**(b) The following activity statements are for activities subject to the competitive code of conduct:**

	Aerodrome	Quarry	Saleyards	Sewerage	Water	Waste
	2016	2016	2016	2016	2016	2016
	\$	\$	\$	\$	\$	\$
Revenue for services provided to the Council	-	4,658,176	-	-	-	-
Revenue for services provided to external clients	7,743,903	1,954,682	1,185,822	6,903,469	16,612,399	6,965,303
* Community service obligations	-	-	-	-	-	762,000
	7,743,903	6,612,858	1,185,822	6,903,469	16,612,399	7,727,303
Less : Expenditure	5,342,268	6,534,012	1,003,656	6,313,647	15,756,331	6,313,124
Surplus (deficiency)	2,401,635	78,846	182,166	589,822	856,068	1,414,179

**(c) Description of CSO's provided to business activities during the reporting period.**

Activities	CSO description	Actual
Waste Management	To support the provision of dumping facilities to the general public in order to ensure that waste is disposed of in an appropriate manner and to meet community health and environmental needs and service levels.	762,000

## CENTRAL HIGHLANDS REGIONAL COUNCIL

## FINANCIAL STATEMENTS

For the year ended 30 June 2016

## MANAGEMENT CERTIFICATE

For the year ended 30 June 2016

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the Local Government Regulation 2012 (the Regulation) and other prescribed requirements.

In accordance with section 212(5) of the Regulation we certify that:

- (i) the prescribed requirements of the Local Government Act 2009 and Local Government Regulation 2012 for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 2 to 45, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.

  
 \_\_\_\_\_  
 Mayor  
 Name: Kerry Hayes  
 Date: 21 / 10 / 16

  
 \_\_\_\_\_  
 Chief Executive Officer  
 Name: SCOTT MASON  
 Date: 21 / 10 / 16

**CENTRAL HIGHLANDS REGIONAL COUNCIL**

For the year ended 30 June 2016

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**Current Year Financial Sustainability Statement**

**Certificate of Accuracy - for the Current Year Financial Sustainability Statement**

**Independent Auditor's Report (Current Year Financial Sustainability Statement)**



## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Central Highlands Regional Council

### Report on the Financial Report

I have audited the accompanying financial report of Central Highlands Regional Council, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

#### *The Council's Responsibility for the Financial Report*

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Independence*

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

### *Opinion*

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Central Highlands Regional Council for the financial year 1 July 2015 to 30 June 2016 and of the financial position as at the end of that year.

### **Other Matters - Electronic Presentation of the Audited Financial Report**

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



*D. Stolz*  
 D A STOLZ FCPA  
 As Delegate of the Auditor-General of Queensland

Queensland Audit Office  
 Brisbane

**CENTRAL HIGHLANDS REGIONAL COUNCIL**

**Current-year Financial Sustainability Statement  
For the year ended 30 June 2016**

**Measures of Financial Sustainability**

**(i) Operating surplus ratio**

Operating surplus (Net result excluding all capital items) divided by total operating revenue (excludes capital revenue).

**(ii) Asset sustainability ratio**

Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.

**(iii) Net financial liabilities ratio**

Total liabilities less current assets divided by total operating revenue.

Council's performance at 30 June 2016 against key financial ratios:

	<b>Operating surplus ratio</b>	<b>Asset sustainability ratio</b>	<b>Net financial liabilities ratio</b>
Target	between 0% and 10%	greater than 90%	not greater than 60%
Actual	10.59%	133.61%	-51.78%

**Note 1 - Basis of Preparation**

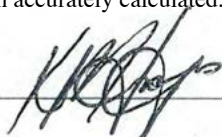
The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2016.

**Certificate of Accuracy  
For the year ended 30 June 2016**

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the Local Government Regulation 2012 (the regulation).

In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.

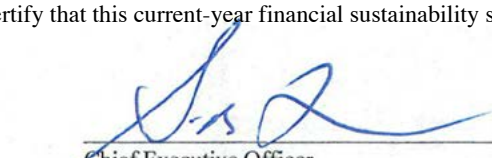
Mayor



Name: Kerry Hayes

Date: 21 / 10 / 16

Chief Executive Officer



Name: SCOTT MASON

Date: 21 / 10 / 16

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Central Highlands Regional Council

### Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Central Highlands Regional Council for the year ended 30 June 2016, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

#### *The Council's Responsibility for the Current-Year Financial Sustainability Statement*

The Council is responsible for the preparation and fair presentation of the current-year financial sustainability statement in accordance with the *Local Government Regulation 2012*. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the Council's future sustainability.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Independence*

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

### *Opinion*

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Central Highlands Regional Council, for the year ended 30 June 2016, has been accurately calculated.

### *Emphasis of Matter – Basis of Accounting*

Without modifying my opinion, attention is drawn to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the *Financial Management (Sustainability) Guideline 2013* for the purpose of fulfilling the Council's reporting responsibilities under the *Local Government Regulation 2012*. As a result, the statement may not be suitable for another purpose.

### **Other Matters - Electronic Presentation of the Audited Statement**

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



  
D A STOLZ FCPA  
As Delegate of the Auditor-General of Queensland

Queensland Audit Office  
Brisbane

**CENTRAL HIGHLANDS REGIONAL COUNCIL**

**Long-Term Financial Sustainability Statement  
Prepared as at 30 June 2016**

**Measures of Financial Sustainability**

**(i) Operating surplus ratio**

Operating surplus (Net result excluding all capital items) divided by total operating revenue (excludes capital revenue).

**(ii) Asset sustainability ratio**

Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.

**(iii) Net financial liabilities ratio**

Total liabilities less current assets divided by total operating revenue.

Council's performance at 30 June 2016 against key financial ratios:

	<b>Operating surplus ratio</b>	<b>Asset sustainability ratio</b>	<b>Net financial liabilities ratio</b>
<b>Target</b>	between 0% and 10%	greater than 90%	not greater than 60%
Actuals at 30 June 2016	10.59%	133.61%	-51.78%
Projected for the years ended:			
30 June 2017	5.20%	108.00%	-62.00%
30 June 2018	4.90%	93.00%	-39.00%
30 June 2019	4.20%	93.00%	-32.00%
30 June 2020	3.90%	80.00%	-36.00%
30 June 2021	4.60%	92.00%	-39.00%
30 June 2022	5.30%	115.00%	-38.00%
30 June 2023	5.60%	91.00%	-42.00%
30 June 2024	6.90%	97.00%	-47.00%
30 June 2025	8.70%	105.00%	-53.00%

**Financial Management Strategy**

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community's current and future needs.

The table above summarises how Council performed against set targets.

**Certificate of Accuracy**

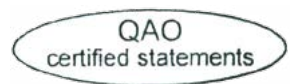
**For the long-term financial sustainability statement prepared as at 30 June 2016**

This long-term financial sustainability statement has been prepared pursuant to Section 178 of the Local Government Regulation 2012 (the regulation).

In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.

\_\_\_\_\_  
 Mayor  
 Name: Kerry Hayes  
 Date: 21 / 10 / 16

\_\_\_\_\_  
 Chief Executive Officer  
 Name: SCOTT MASON  
 Date: 21 / 10 / 16





# Central Highlands Regional Council

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